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U.S.-EU Trade Feud Heats Up

Washington Maintains Threat of Tariffs in Banana War

By Anne Swardson
Washington Post Service

PARIS — The United States and Europe prepared themselves Tuesday for a trade war over a product grown by neither: bananas.

Although the World Trade Organization had not formally approved the move, the United States was poised to impose 100 percent tariffs on \$20 million worth of products exported by the European Union. Among them are Scottish cashmere, Italian ham, French handbags and German coffee makers.

A dispute-settlement panel at the WTO asked on Feb. 23 for more time to rule on how much money the European trade protections had cost American banana distributors, a ruling the U.S. side had hoped would impose partial political cover for the trade sanctions. The panel, on Tuesday delayed presenting its finding. American officials said they could not comment on whether this affected their intention to impose the new tariffs by their self-imposed deadline on Wednesday.

Arising through the fruity subject of the dispute may seem, this struggle is deadly serious. At stake is the credibility of the World Trade Organization, international trade's forum for resolving disputes, and economic relations between the world's biggest trading partners.

"Because it's bananas we tend to trivialize the matter," said the U.S. Trade Representative, Char-

lene Barshefsky. "But this case could have been about civil aircraft or computers. What's important is what has happened."

The United States contends that the European Union's regime governing banana imports into Europe unfairly favors the producing countries Europe prefers — such small Caribbean islands as St. Lucia, Dominica and St. Vincent, as well as the Ivory Coast and Cameroon in Africa — to the detriment of countries the United States prefers — Ecuador, Guatemala, Honduras, Mexico, Panama, El Salvador and Nicaragua.

Also at play is the powerful political influence of Carl Lindner, the chairman of Chiquita Brands International Inc., a global distributor of bananas. A large contributor to both Republican and Democratic candidates in the United States, he is blamed by Europeans for the banana imbroglio.

"There is deep resentment in Europe that the United States, for internal political reasons and the huge influence of Chiquita with its campaign contributions, is pushing an issue that is not in its own economic interests," said Leon Brittan, the EU commissioner for trade.

In fact, the dispute goes back to the 1960s when, in the early days of what is now the European Union, the French president, Charles de Gaulle, wrote in special import protections for banana-producing

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Mark Ross, a pilot and one of the foreigners who survived being held hostage by Ugandan rebels, describing the ordeal Tuesday in a Kampala office of the U.S. Information Service.

8 Tourists In Uganda Are Killed in Hutu Foray

Contradicting Kampala, Guide Says 3 on Trip Were Killed by Captors

By Karl Vick
Washington Post Service

NAIROBI — Eight foreign tourists were killed Tuesday after being kidnapped by extremist guerrillas at a safari camp in Uganda. An American tour guide who survived the ordeal said at least three of the victims were murdered by their captors.

"They were executed," said Mark Ross, one of six hostages freed by the Hnu militia. A moment later, reflecting on his description of crushed skulls and machete wounds, he added, "Execution seems too organized a term."

The account appeared to contradict Ugandan officials who earlier suggested the deaths resulted from crossfire between the kidnappers and the Ugandan forces pursuing them.

Mr. Ross said that he knew of no rescue attempt and that he had only encountered Ugandan troops after he was released.

The identities of the victims were withheld pending identification and notification of relatives, according to officials at the affected embassies. In addition to two Americans and two New Zealanders, the dead included four Britons, Foreign Secretary Robin Cook announced in London.

Ugandan officials said four Ugandans — a game warden and three park rangers — were killed when the guerrillas raided three safari campsites in Bwindi Impenetrable Forest National Park. The park, located in the far corner of Uganda near its borders with Rwanda and Congo, is home to the rare mountain gorillas featured in the 1988 movie, "Gorillas in the Mist."

For the last five years the same mountains have become a refuge for the Htu extremists who carried out the 1994 genocide in nearby Rwanda. Those killings left at least half a million people dead, by the same brutal methods used on the bodies Mr. Ross said he saw.

The extremists' continued rampages — sometimes with the support of the area's majority Htu population — have twice provoked war in Congo. In the name of eradicating the Htu militias, Rwanda and Uganda sent troops into Congo in 1997 and again last summer. Four tourists were kidnapped Aug. 14

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Albright Sees China Relationship as Maturing

By Jane Perlez
New York Times Service

BEIJING — On her departure from China on Monday, Secretary of State Madeleine Albright put the best face on the fractured U.S.-China relationship, saying it was mature enough to withstand sharp disagreements.

She landed the "depth and ease" of her discussions, crammed into less than 48 hours here, and stressed there was no going back on the central tenet of the Clinton administration's policy of broad engagement with China.

In short, she suggested, Washington had managed, despite the rough bumps of the past few

months, to get beyond a relationship whose health was primarily dependent on one issue, whether it be human rights, trade or national security.

Bot in each of these areas, which were the hottest topics in her talks, Mrs. Albright and her advisers acknowledged that they still faced significant obstacles, both in China and at home in Congress.

On human rights, the secretary told the Chinese authorities that the recent arrests and sentences for members of a fledgling opposition party were a breach of the Universal Declaration of Human Rights, not just an internal matter as the Chinese insist.

She stressed that from the American point of

view, the political stability that China so values could not be bought at the price of freedom.

Fairly predictably, her advisers said, the Chinese rejected the arguments. But less predictably, a senior administration official said, the Chinese did "not go through the roof," as they have in the past, at the mention of human rights.

Further, the official said, slow progress was being made to convince the Chinese to set up an information exchange on prisoners that would allow the U.S. Embassy in Beijing to have regular contacts with the Chinese Ministry of Foreign Affairs on the status of individual prisoners.

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Beijing's Shaky Bridges to Future Prosperity

By Henry Chu
Los Angeles Times Service

NINGBO, China — The young lovers who climb to the top of Zhaobao Mountain in this scenic port city gaze out on a varied panorama. Rolling green hills to one side. A tranquil island offshore. And a massive white elephant directly below.

Officially, it is known as Zhaobao Mountain Bridge, and it was scheduled to open in October. But a month shy of its debut, the 2.4-kilometer-long (1.5-mile-long) span started to quiver and sway. Inspectors soon discovered the cause: cracks in the bridge from a design flaw.

Workers who spent months erecting the concrete

and-steel structure have been forced to tear part of it down while engineers go back to the drawing board. The project completion date has been postponed, and its hefty price tag, \$52 million, is sure to rise. For now, the span sits like a broken yoke over the muddy Yong River, a monument to bad planning.

As an isolated instance, Zhaobao Mountain Bridge would be embarrassing enough. But as the government goes on a three-year, \$1.2 trillion spending spree to bolster the faltering economy, hundreds of bridges, roads and airports are being thrown up across China with startling speed and, in many cases, with a notable lack of attention to quality.

Rampant corruption and slapdash construction have riddled infrastructure projects throughout the

country. A highway in southwestern China fell apart less than three weeks after it opened.

Embezzlement and poor craftsmanship have even plagued the mother of all public works sites, the Three Gorges Dam, according to media reports.

Beyond the threat of derailing the central government's economic stimulus program, such unscrupulous practices may have more dire consequences, the Communist regime fears.

Two bridge collapses in January in China killed 47 people and injured more than 30 others. In both cases, authorities arrested project officials, including a local Communist Party boss, on suspicion of

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Adem Demaci, a political leader of the Kosovo Liberation Army, resigned Tuesday, denouncing the peace plan for the province.

As Hard-Liner Quits, Peace Prospect for Kosovo Gains

By Carlotta Gall
New York Times Service

PRISTINA, Yugoslavia — The Kosovo Liberation Army appeared ready Tuesday to accept the autonomy plan proposed at peace talks in France last month after Adem Demaci, the most radical of its political leaders, resigned from the guerrilla movement's leadership.

Mr. Demaci is opposed to the peace proposal, which would grant Serbia's southern province of Kosovo self-rule under the protection of a NATO-led military force, and has argued that the ethnic Albanians should hold out for full independence.

But the announcement that he was departing from the position of political representative of the K.L.A. was widely interpreted as clearing the way for the guerrillas to accept the peace plan.

Peace negotiations between the ethnic Albanians and the Serbian government are to resume in Evreux, France, on March 15 and the Albanian delegation, which has accepted the deal in principle, is expected to give its formal decision within a week.

If the K.L.A., which is emerging as the main political force on the ethnic Albanian side, accepts the autonomy plan, the pressure will be upon President Slobodan Milosevic of Yugoslavia to accept a NATO-led force in to Kosovo to enforce the peace, or suffer NATO air strikes.

Mr. Milosevic reiterated his refusal to accept any foreign military force, however, in a meeting with Kurt Vollebæk, the chairman-in-office of the Organization for Security and Cooperation in Europe in Belgrade on Monday.

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AGENDA

Bush Launches Campaign Bid

AUSTIN, Texas (AP) — Governor George Bush, eldest son of the former president, announced Tuesday that he would form a presidential exploratory committee to raise money and measure support for a White House bid of his own in 2000.

Mr. Bush, 52, stopped short of formally entering the presidential race. But he has begun assembling a fund-raising team and has been consulting policy advisers for weeks.

"Those you who cover me every day know I don't make this decision lightly," Mr. Bush said. He said that forming a presidential exploratory committee would allow him to assess the national political mood and, most importantly, raise money.

Earlier, Pat Buchanan, the conservative Republican commentator, began his third presidential race. Page 3.



An Iraqi working Tuesday at a wrecked communications center near a disabled oil pipeline 70 kilometers northeast of Mosul. The center, hit in a U.S. strike Monday, relayed information along the pipeline.

In Reversal, White House Urges End to Counsel Law

Compiled by Our Staff From Dispatches

WASHINGTON — Citing "fundamental structural flaws," the Clinton administration withdrew its support Tuesday from the Watergate-inspired independent counsel law and urged Congress to let it expire in June.

"Despite its good intentions, the act has failed to accomplish its primary goal: the enhancement of confidence in the rule of law by the American people," Deputy Attorney General Eric Holder told a House subcommittee.

At the White House, a spokesman, Barry Toiv, said: "The president concurs with the judgment of the Justice Department that the statute should not be renewed — that its flaws outweigh its benefits."

The White House opposition to the Independent Counsel Act directly reversed the Clinton administration's stance five years ago, when both President Bill Clinton and Attorney General Janet Reno successfully urged Congress to renew the law.

The tumultuous highlighted the continuing deterioration of political support for a law that was once widely seen as necessary to ensure public confidence in the investigation of misconduct by high-level government officials. Critics say it

has given too much unchecked authority and power to those appointed as independent counsels.

Many members of Congress in both parties have said that the law should be scrapped or fundamentally changed, but Mr. Holder's testimony Tuesday represented the first time that the Clinton administration had gone on record against the statute.

Several times, Mr. Holder emphasized that the administration's new opposition was not based on "problems with individual independent counsels," such as Kenneth Starr, whose five-year investigation into Mr. Clinton's affairs led to the second presidential impeachment in American history.

He said the 21-year-old act "comes dangerously close to tipping the traditional balance of fairness in the conduct of criminal investigations and prosecutions" by insulating independent counsels from financial accountability and traditional Justice Department rules.

The proceeding Tuesday was the second in a series of House and Senate hearings on the matter. Robert Bennett, Mr. Clinton's personal attorney, is ex-

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Indonesia's Unassuming Robin Hood

Crusader for Economic Justice Strikes Fear Into Hearts of Rich Few

By Keith B. Richburg
Washington Post Service

JAKARTA, Indonesia — His title sounds innocuous enough: minister of small businesses and cooperatives. And in person, the slightly built and soft-spoken Adi Sasono, an engineer by training, cuts an unassuming profile.

So why is he referred to by some critics as "Indonesia's most dangerous man?" Mr. Sasono chuckled softly at the label. "I've tried to convince them that I'm not dangerous at all," he said.

Mr. Sasono prompts fear in some circles for his aggressive advocacy of the "People's Economy." Essentially, that means breaking the economic stranglehold of the country's traditionally powerful commercial conglomerates and redistributing the wealth to small businesses and the 50,000 or so mostly state-run cooperatives.

To many here, that kind of talk makes Mr. Sasono a kind of Robin Hood —

taking from the handful of rich to give to the multitudes of poor. But in Indonesia, "rich" usually equates with ethnic Chinese, and for that reason his crusade has taken on ethnic, racial and religious overtones at a volatile time — the campaign season leading to June elections for a new national Parliament.

Mr. Sasono's popularity has soared among many indigenous Indonesians, called pribumi, who see Mr. Sasono, a longtime Islamic activist, as a hero. He has been mentioned as a kingmaker whose support could be crucial in the election of the next president. But others, particularly the Chinese minority, view him with suspicion, even fear.

To Mr. Sasono, his wealth-redistribution crusade smacks only of common sense, and he cites not Marx or Lenin, but precedents from the United States, such as the Sherman Antitrust Act and

The Dollar

New York Tuesday 8:4 PM previous close

Euro 1.0935 1.089

Pound 1.6157 1.6094

Yen 120.215 119.835

DM 1.7888 1.7955

FF 5.9985 6.0219

Dollars per pound and per euro.

The Dow

Tuesday close percent change

-27.17 9,297.61 -0.28%

S & P 500

-10.84 1,225.52 -0.86%

Nasdaq

-38.15 2,259.03 -1.58%

The Brazilian unemployment rate rose to 7.73 percent in January, the highest level for the month since 1983, as high interest rates forced employers to cut their work forces. The rate was 6.32 percent in December. The real tumbled to a record low, with the dollar rising to 2.10 reals. Page 11.

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Start-Ups / Reaching Out in Bangladesh**A New Line for 'Microcredit' And Anyone Waiting to Talk**By Kenneth J. Cooper
Washington Post Service

GANGANAGAR, Bangladesh — Like most villagers in Bangladesh, Mahmuda Begum didn't have a telephone. She didn't need one.

"I don't really have anybody to call," explained Mrs. Begum, who lives about 25 kilometers (15 miles) southeast of Dhaka, the capital.

"Now I have a phone," she said. "I sometimes call my aunts and my cousin in Dhaka, but rarely."

Her phone stays pretty busy anyway. For a little more than a year, she has depended on the phone, a cellular model, not to speak with her relatives but for the better part of her family income.

From her public telephone booth — a bamboo-and-corrugated-metal hut propped on stilts alongside a sandy lane between marshes — villagers, truck drivers and factory workers have called countries as far away as the United States.

Some residents of her farming hamlet also receive calls at her booth, and Mrs. Begum dispatches passers-by or one of her three children to summon them to the phone.

Mrs. Begum owes her new start-up to the Grameen Bank, the Bangladeshi aid group that has received worldwide notice and praise for its pioneering strategy of helping despite villagers establish businesses with small "microcredit" loans.

The bank has branched out from its traditional emphasis on loans for dairy cows, egg-laying hens and rice-husking machines.

In 1996, Grameen established Grameen Telecom to expand phone service to rural areas, recruiting 250 women from among its borrowers, including Mrs. Begum. It put Najmul Huda, an electrical engineer, in charge.

Other new bank affiliates provide cellular-phone service and Internet access in Dhaka and Chittagong, the country's main port.

Grameen Telecom wants to extend public cellular service to the 50,000 villages where its borrowers live.

Bangladesh is believed to be the first developing country in which a private aid group has relied on cellular technology to spread phone service. In neighboring India and in Pakistan, governments have increased the number of public phones using land lines; these are privately operated rather than the coin- or card-operated models common elsewhere.

Public telephones are an important communications link in Bangladesh, where there is one phone for every 500 people.

This impoverished nation of 130 million, with an average annual income of about \$250, would not seem much of a market for overseas phone calls. But an estimated 450,000 Bangladeshis live abroad, mostly working in Gulf countries. The desire to keep in touch with family back home represents a business opportunity for Mrs. Begum and other "phone ladies."

MRS. BEGUM SAID international calls produced most of her monthly profit, which averages \$40 to \$60 after deducting cellular-service charges, government fees and payments on the \$375 loan she took out for the imported handset. Japanese, Filipino and Pakistani migrant workers from factories and a road-construction crew have placed most of the overseas calls from her booth: a call to Malaysia in February brought in \$4.

But most calls at her phone are local, and more typical was the 35-cent, three-minute call that a mechanic in orange coveralls, Sayedur Rahman, made recently to his uncle in Dhaka.

Before Mrs. Begum opened her business, another commercial cellular operator offered the only public phone in Ganganagar. Asked how she had managed to compete, Mrs. Begum cracked a wide smile and explained how she had undercut her competitor's rates on local calls. She charges about half as much, she said, about 12 cents per minute.

Mr. Rahman, the mechanic, concurred. "They charge more," he said. "That's why I come here."

Mrs. Begum said, "My service is also prompt, better and smooth."

But like cellular users worldwide, Mr. Rahman encountered frustration the day he called his uncle as the network remained busy for five minutes. He was about to give up and go back to work when his call finally went through; the wait was longer than his call.

Other technical and financial problems have slowed Grameen Telecom's plans to expand its rural network.

But Mrs. Begum has nothing but praise for the



Sayedur Rahman, using one of two public phones in Ganganagar, got three minutes with his uncle as Mrs. Begum watched.

business. The Grameen Telecom booth, which she and her husband, Raja Mia, take turns operating, has generated more income lately than the small grocery she opened a decade ago with a Grameen loan, so much so that the couple has considered closing the food shop.

The family plans to renovate the phone booth, installing glass windows to make it more attractive. The booth already has an antenna mounted on a tall bamboo pole to improve transmission.

"I am increasingly feeling better and better that this is the best business one can have," Mrs. Begum said. "This is high-tech."

"You just sit here," she said. "It's a very sophisticated business."

UN Iraq Agency Called Unaware of U.S. SpyingBy Barton Gellman
Washington Post Service

WASHINGTON — U.S. intelligence services infiltrated agents and espionage equipment for three years into UN arms-control teams in Iraq to eavesdrop on the Iraqi military without the knowledge of the UN agency that it used to disguise its work, according to U.S. government employees and documents describing the classified operation.

By all accounts, the UN Special Commission, which is known as Unscion, did not authorize or benefit from this channel of U.S. surveillance. This contrasts with previous statements in which the Clinton administration acknowledged the use of eavesdropping equipment but said it had been done solely in cooperation with Unscion to pierce Iraqi concealment of its illegal weapons.

As recently as last week, the administration asserted again that its intelligence work within Unscion had been invited by the panel's leaders and directed at rooting out Iraq's forbidden missiles and its nuclear, biological and chemical weapons programs.

In fact, according to sources who spoke on condition of anonymity, the United States rigged Unscion equipment and office space — without permission — to intercept a high volume of ordinary Iraqi military communications. Those communications, carried between microwave towers and linking Iraqi commanders in infantry and armored forces in the field, were of considerable value to U.S. military planners but generally unrelated to Unscion's special weapons mandate.

U.S. government officials said they had considered the risk of discrediting an international arms-control system by infiltrating it for their own eavesdropping. They said the stakes were so high in the conflict with Iraq, and the probability of discovery so low, that they deemed the risks worth running.

Microwave channels are line-of-sight communications, typically transmitting a narrow beam from hilltop to hilltop and difficult to intercept by aircraft or satellites. American intelligence agencies saw an opportunity to tap into those signals when Unscion changed the arrangement it used to monitor distant sites in Iraq with video cameras.

Pioneered in May 1993, Unscion's "remote monitoring system" grew over the years to encompass more than 300 arms installations and research facilities in Iraq. For the first three years of operation, the video images and logs of electrical power use were recorded onto magnetic tape at the remote sites. Inspectors based in Baghdad periodically drove out to collect the tapes.

In March 1996, with Iraq's consent, Unscion began transmitting images from the cameras back to Baghdad using radio signals. The signals were boosted by relays, known as repeater stations, arrayed along the paths from the camera sites to Baghdad. The new system gave Unscion's inspectors a view of distant facilities in "near real time," a significant improvement.

But unknown to Unscion, the U.S. signals and sensor technicians who installed and maintained the system were intelligence operatives, and the repeater stations they built had a covert capability. Hidden in their structure were antennas capable of intercepting microwave transmissions, and the U.S. agents placed some of them near important nodes of Iraqi military communications.

The principal designer of the new system was a military intelligence operative described by a former supervisor as a brilliant engineer.

The engineer and his team undertook repeated "maintenance" missions in Iraq from September 1993 to June 1996, disclosing so little to Unscion of their work that the commission's director of operations, Colonel James Moore of the U.S. Air Force, clashed repeatedly with the engineer and eventually was recalled.

At least two other technicians lent by the U.S. government to run the remote camera system for Unscion were employees of the Central Intelligence Agency's clandestine service. At the request of the U.S. government, the three names are being withheld.

Unscion sought out technical resources from the United States and elsewhere

where, after years of frustration, the commission gradually built what amounted to the first UN intelligence-gathering operation. But its reliance on contributing governments led to deceptions within deceptions that eventually helped destroy the special commission.

Use of the remote cameras system for espionage coincided with another channel of eavesdropping that was known to Unscion's top leaders. That channel, code-named Shake the Tree, used commercial scanners to intercept low-powered VHF radio transmissions used by Iraq to direct its concealment efforts against Unscion.

American intelligence agencies elected to pursue a second method of eavesdropping because "we were very concerned about protecting our independence of access" in Iraqi military communications, a U.S. official said. "We did not want to rely on a multinaional body that might or might not continue to operate as it was operating."

For that reason, the U.S. government decided not to inform Rolf Ekeus, the Swedish diplomat who was Unscion's executive chairman, or his Australian successor, Richard Butler, about the second eavesdropping operation. According to sources in Washington, the CIA notified Charles Duelfer, the American deputy to both men, to help ensure that Unscion's headquarters staff did not interfere with the operation. Mr. Duelfer did not return phone calls made over several days seeking comment.

If the United States did use Unscion cover for espionage, Mr. Ekeus said, "We have always stood against that."

Unscion's present leader, Mr. Butler, declined in an interview. Privately, according to close associates, Mr. Butler expressed distress when he first learned of the allegations, saying that any such espionage under Unscion cover would discredit efforts to verify compliance with international weapons pacts.

"If all this stuff turns out to be true, then Rolf Ekeus and I have been played for suckers, haven't we?" he was quoted as having said in one such conversation.

Quitting Smoking: A New Approach

New York Times Service

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WASHINGTON — A new approach combining an antidepressant, nicotine replacement and counseling is sharply increasing the chances of success among people who are trying to give up smoking.

Typically, according to scientists at the Centers for Disease Control and Prevention and other specialists in the study of smoking, fewer than 5 percent of smokers who seek to quit without outside help are successful. But when the new approach was tried with 4,000 smokers at centers across the United States, 40 percent to 60 percent were still nonsmokers a year after completing the program.

Dr. Linda Ferry, chief of preventive medicine at the Veterans Affairs Medical Center in Loma Linda, California, who first proposed the combination treatment, said it involved bupropion, a drug originally developed as a treatment for depression; varying dosages of nicotine replacement delivered through patches, gum, nasal spray or inhalers, and counseling individually tailored to the patient.

Specialists in tobacco dependence caution that the findings on the new approach must be regarded as preliminary. Nicotine addiction is notoriously tenacious, and smokers can relapse even after giving it to 10 years without smoking.

Dr. Richard Hurt, director of the Nicotine Dependence Center at the Mayo Clinic in Rochester, Minnesota, said much more needed to be learned about the addiction. Still, he said, the addition of bupropion to programs represented the biggest development in the field since nicotine-replacement therapy was introduced in 1971.

China Averse to International Trial of Khmer RougeBy Elizabeth Becker
New York Times Service

WASHINGTON — A UN panel has recommended that a new international tribunal be convened to try about a dozen senior Khmer Rouge officials on charges of crimes against humanity while they ruled Cambodia, according to diplomats and senior administration officials.

Under the recommendation, a separate Cambodian truth commission would consider all other cases.

But in a sign of the growing tensions between China and the United States, the Chinese have told administration officials who are actively lobbying for a tribunal that Beijing will veto the idea if it is brought before the UN Security Council, the officials said. The Khmer Rouge relied almost exclusively on Chinese support during their reign that led to the deaths of nearly 2 million Cambodians from 1975 to 1979.

Nigerian President-Elect Courts Outside Investors

Cropped In Our Staff Photo Department

ABUJA, Nigeria — President-elect Olusegun Obasanjo promised Tuesday, in his first speech since his election, to eliminate obstacles to local and foreign private investment.

"I want to take this opportunity to acknowledge that our foreign friends are welcome to join in our endeavor to develop the resources of our country for the benefit of our people and those who invest in our people," he said.

Mr. Obasanjo is due to take office on May 29, when General Abdulsalami Abubakar has promised to step down, ending 15 years of rule by the military.

A clear idea of Mr. Obasanjo's

policies is awaited by investors and others who remember his tenure as military ruler from 1976 to 1979 as a time of increased state intervention.

Nigeria is suffering from the collapse of oil prices and is badly in need of financing from abroad and debt relief.

"We will as soon as possible re-examine our laws and policies and eliminate all obstacles to genuine investment and provide the necessary and conducive environment for private domestic and foreign investment," he said.

At the same time, Mr. Obasanjo has grown closer to China, signing five new agreements in Beijing last month that provide Cambodia with increased trade

and economic benefits. Meanwhile, Foreign Minister Tang Jiaxuan of China said last month in Bangkok that Western nations, especially the United States, had come up with the idea of trying the Khmer Rouge. He said this was inappropriate since "these are internal problems of Cambodia" and should be decided only by the Cambodians.

The proposal does contain a way to circumvent a possible Chinese veto. The proposed International Criminal Tribunal for Cambodia could be put before the UN General Assembly for a vote should it be blocked in the Security Council. But all five permanent members of the Security Council are wary of weeks, officials said.

In contradictory statements over the last two months, Mr. Hun Sen has alternatively complained that the world is at least a decade late in condemning the Khmer Rouge, has given blind-faced support for an international tribunal, and has questioned whether a trial would lead to new violence.

At the same time, Mr. Huo Sen has grown closer to China, signing five new agreements in Beijing last month that provide Cambodia with increased trade

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The proposal does contain a way to circumvent a possible Chinese veto. The proposed International Criminal Tribunal for Cambodia could be put before the UN General Assembly for a vote should it be blocked in the Security Council. But all five permanent members of the Security Council are wary of weeks, officials said.

In contradictory statements over the last two months, Mr. Hun Sen has alternatively complained that the world is at least a decade late in condemning the Khmer Rouge, has given blind-faced support for an international tribunal, and has questioned whether a trial would lead to new violence.

At the same time, Mr. Huo Sen has grown closer to China, signing five new agreements in Beijing last month that provide Cambodia with increased trade

and economic benefits. Meanwhile, Foreign Minister Tang Jiaxuan of China said last month in Bangkok that Western nations, especially the United States, had come up with the idea of trying the Khmer Rouge. He said this was inappropriate since "these are internal problems of Cambodia

ancy Called
S. Spying

THE AMERICAS

Grand Jury Investigates Boeing Over Satellite Project

By John Mintz
Washington Post Service

WASHINGTON — A federal grand jury in Seattle is investigating whether Boeing Co. violated criminal laws by improperly sharing sensitive rocketry data with Russian and Ukrainian technicians working with the company on a sea-launched satellite project, according to sources.

News of the grand-jury inquiry could not have come at a worse time for Boeing because the project, called Sea Launch, is scheduled to loft its first satellite into space only weeks from now.

Last September, Boeing agreed to pay a \$10 million fine to settle civil allegations that it broke export laws by conveying information to foreign

Sharing of Rocket Data With Russians and Ukrainians Is Issue

engineers without authorization on 207 occasions over four years. In that consent decree, the firm did not admit to wrongdoing, but elsewhere it has acknowledged its security procedures were lax.

The U.S. attorney's office in Seattle is leading the investigation, which focuses on the company and the foreign engineers who received the technical data.

Investigators are examining, among other things, an allegation that some of the Russian and Ukrainian individuals who received the technical briefings and were given access to controlled areas were intelligence agents for their countries. Electronic recording equip-

ment was found at the home of one of the Russians, sources said.

In a four-year period ending in mid-1998, Boeing failed to secure some State Department licenses it needed to share information with its foreign partners in Sea Launch. Work on the project at the port of Long Beach, California, was halted for several months until Boeing reached the consent decree with the government.

Sea Launch, which is involved mainly in communications satellites, is a highly innovative project both in its technology and in the international partnership that created it. Boeing, which owns 40 percent of the venture, is in charge of launching

a Ukrainian rocket powered by a Russian engine off a launch pad bobbing in the Pacific Ocean. The launch is to be controlled by U.S. and Russian mission-control computers installed in a Norwegian-built ship.

The venture has operated under bizarre restrictions since its origins in the early 1990s. If Boeing engineers noted mistakes by their partners in Russia's RSC-Energia and Ukraine's KB Yuzhnoye, the Americans had to stay quiet for fear of educating them about space technologies that could help them modernize Russian ballistic missiles.

The Justice Department also is investigating two other leading satellite companies, Hughes Elec-

tronics Corp. and Loral Space & Communications Ltd., for improperly sharing technical data about rockets with foreigners. The two firms gave rocket tutorials to Chinese space officials after the companies' satellites were destroyed in separate accidents in 1993 and 1996 that had been caused by faulty Chinese rockets.

Many members of Congress and industry officials have said Sea Launch allows U.S. officials to learn more secrets about Russian and Ukrainian space technologies than the foreign engineers can learn about U.S. equipment. They also praise the project because it keeps those technicians employed, discouraging them from working for such nations as Iran.

POLITICAL NOTES

Lewinsky Offers Her Apologies

WASHINGTON (AP) — Monica Lewinsky offers apologies for "my part in this past year's ordeal" to Hillary Rodham Clinton, Chelsea Clinton and the entire United States in her ABC interview.

"I wouldn't dream of asking Chelsea and Mrs. Clinton to forgive me," Ms. Lewinsky says in an excerpt of the interview released by the TV network. "But I would ask them to know that I am very sorry for what happened and for what they've been through."

The former White House intern, whose sexual encounters with President Bill Clinton lead to impeachment, spoke to Barbara Walters for an interview to air on the ABC television show "20/20" Wednesday night.

"I waited a long time to be able to express to the country how very sorry I am for my part in this past year's ordeal," said Ms. Lewinsky, whose story first blasted into the national news in January 1998.

She described Mr. Clinton as "a very sensual man" who "struggles with his sensuality because I don't think he thinks it's O.K."

She had harsh words for her former Pentagon co-worker, Linda Tripp, who secretly taped her conversations with Ms. Lewinsky and turned them over to investigators working for the independent counsel Kenneth Starr.

"I pity her," Ms. Lewinsky said. "I would hate to be her."

Asked why she divulged the secret affair to her co-worker, the former White House intern said she felt close to Mrs. Tripp because she also had worked at the White House before being sent to the Pentagon.

Senate Pitches In on Y2K Bug

WASHINGTON — The Senate moved Tuesday to help small businesses deal with year 2000 computer crashes as part of a "Y2K Day" devoted to making people more aware of the problems that could arise from computers that confuse Jan. 1, 2000, with Jan. 1, 1900.

Senators voted 99-0 to approve a measure sponsored by Christopher Bond, Republican of Missouri, that would require the Small Business Administration to guarantee loans for businesses trying to fix their computers or threatened by the Y2K problems of their suppliers, customers or financial institutions. The legislation has yet to pass the House.

A special Senate panel on the problem also made public a report Tuesday detailing widespread disturbances that could occur on and after Jan. 1.

Buchanan Comes Out Swinging

The Associated Press

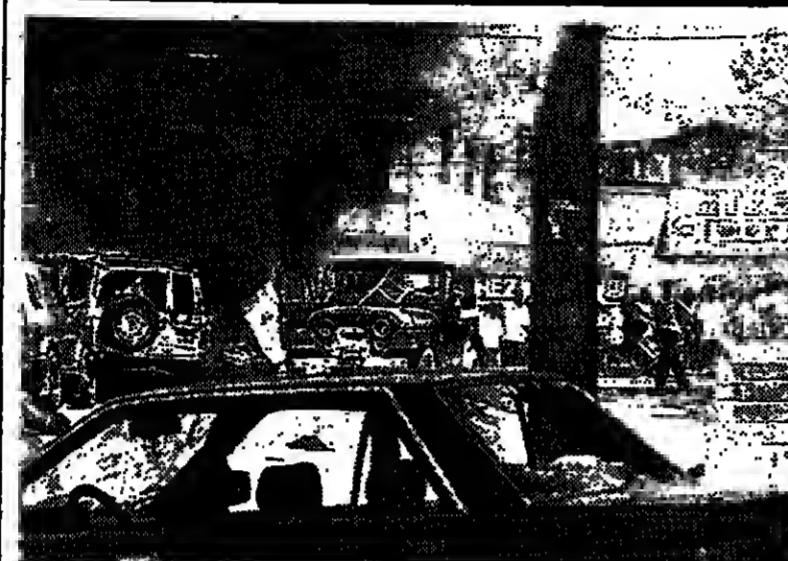
MANCHESTER, New Hampshire — Pat Buchanan, the conservative commentator whose low-budget campaign shocked the Republican establishment in 1992 and 1996, opened his third presidential race Tuesday, promising to "clean up all that pollutes our culture and to heal the soul of America."

Tracing the familiar themes of a Buchanan candidacy, the former Nixon aide said he would stand against easy imports, freewheeling immigration, abortion, judicial abuse and "the moral deficit" found in a "polluted and poisonous culture that has become the great enemy within."

"It is our calling to recapture the lost independence and sovereignty of our republic, to clean up all that pollutes our culture and to heal the soul of America. And, to that end, I declare my candidacy for president of the United States," he said in a speech prepared before the announcement.

Mr. Buchanan also strongly attacked the Clinton White House, saying that "this temple of our civilization" had been "desecrated, used to shake down corporate executives, to lie with abandon to the American people" and turned into "a place to exploit women."

The personal destruction of



UNREST IN HAITI — Demonstrators gathering in Port au Prince behind flaming vehicles as hundreds of students burned tires and vandalized cars to protest a teachers' pay strike that has lasted nearly a month. The police fired tear gas and arrested several protesters.

political rivals has been perfected to a high art," Mr. Buchanan said. "It is time to call the curtain on the soap opera in the White House, time to restore a measure of dignity to our national stage."

Mr. Buchanan called for a moratorium on immigration and "a national campaign of assimilation," saying newcomers to America must learn the English language to succeed in the country. He promised to use U.S. trade laws to curb the "narco of cheap imports," saying, "No global trading authority will keep me from doing my duty."

His first campaign swing of the 2000 election will take him to 13

first, a new conservatism of the heart that puts people first, and a new set of priorities where our party stands for something greater than the bottom line on a balance sheet."

Mr. Buchanan declared that American workers "are not here to serve the financiers of some new world order."

Mr. Buchanan started his campaign in New Hampshire, the first-in-the-nation primary state, where he defeated Bob Dole, the eventual Republican nominee, in 1996 and put a scare into President George Bush four years before that.

His first campaign swing of the 2000 election will take him to 13

cities in 11 days.

Though Mr. Buchanan has been underestimated time and again, many Republican strategists believe he peaked in Manchester four years ago. A hustling field of like-minded candidates, a greater demand for money, a relatively late start and doubts about his electability work against Mr. Buchanan this time.

"I love Pat and agree with much of what he stands for," said the conservative leader Paul Weyrich, head of the Free Congress Foundation in Washington, "but I can't construct a scenario where he has a chance to win."

Mr. Buchanan, 60, took a leave of

absence from CNN's "Crossfire" program to run. He told associates that he was bored with the television business and believed that the early Republican front-runners, Governor George Bush of Texas and Elizabeth Dole, were vulnerable.

Unlike his previous races, when Mr. Buchanan was the early alternative to the Republican front-runner, he will compete for the support of social conservatives against such names as former Vice President Dan Quayle, the religious activist Gary Bauer, the millionaire publisher Steve Forbes, Senator Bob Smith of New Hampshire, and the radio commentator Alan Keyes.

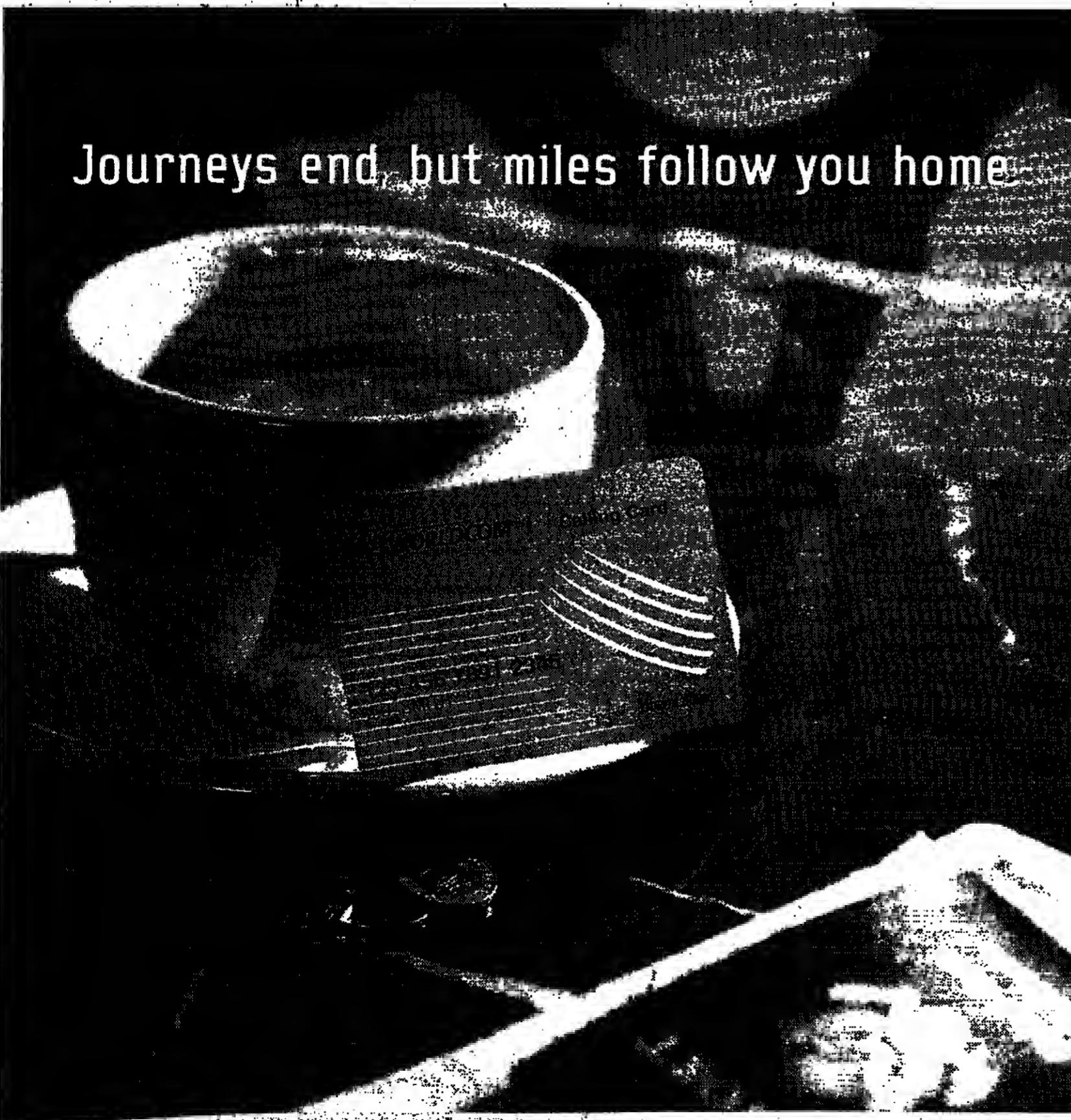
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INTERNATIONAL

Allies Escalate Attacks On Iraqi Air Defenses

Pilots Given More Flexibility, Officials Say

By Dana Priest
Washington Post Service

WASHINGTON — Since President Bill Clinton gave pilots more flexibility to attack Iraq's air defense system at the end of January, allied planes enforcing U.S.-imposed no-fly zones in the north and south of Iraq have substantially increased the number of bombs they have dropped and have added to the target list, according to U.S. administration and Pentagon officials.

"Absolutely this is an escalation," said a government official who has been briefed on the operation.

Pentagon officials have declined repeatedly to give anything but the sketchiest details about the almost daily attacks. They have explained their actions by saying the pilots are only responding to Iraqi attempts to shoot down the U.S. and British planes that patrol the no-fly zones to help protect minorities in the north and south.

The zones cover 60 percent of the country and are not recognized by Iraq.

"We responded to attacks upon our aircraft by targeting those facilities that allowed the Iraqi forces to place our pilots in jeopardy," Defense Secretary William Cohen said when asked about an air attack over the weekend that Iraq says interrupted the flow of oil through its main pipeline to Turkey.

Bat officials acknowledge that at times the artillery fire or radar used to target planes from the ground is so far away from allied pilots that it is not even detected by them — but only by other high-flying aircraft and satellites employed by the United States to monitor Iraq.

"If they are firing into the sky, that's good enough for us," said a senior Pentagon officer.

Another official said the United States had a list of air defense system targets and suggested that allied aircraft were flying in the vicinity of the particular missile launchers, radar trucks and communications relay tanks that they would like to destroy.

After Iraqi forces fire anti-aircraft artillery or turn on their radar to target a particular aircraft, allied planes launch a strike against the defense system.

The United States has pursued this low-grade aerial bombardment since the Desert Fox offensive against Iraq ended in December because it is the only military course of action that a war-weary Congress and the Gulf Arab countries will agree to, senior officials say.

"An attack against Iraq's air defense system is what sustains the coalition," a senior administration official said. The

allied aircraft are based in countries "that would be broadly sensitive" to a larger, more public war against Iraq.

Since Desert Fox, there has been an incremental widening of the attacks that senior officials say is designed to avoid public attention.

On Jan. 26, U.S. officials announced that U.S. warplanes no longer had to limit their attacks to the missile and artillery batteries that are targeting them or to the particular Iraqi aircraft that were darting in and out of the no-fly zones.

"Our response need not simply be against the particular source of the violation," explained Samuel Berger, the president's national security adviser. "But our response as appropriate will be against any part of the air defense system that we think makes us vulnerable."

Since then, the lopsided war has escalated considerably. Of the 86 laser-guided bombs that U.S. warplanes have dropped in northern Iraq since the end of Desert Fox, 66 have been dropped since Jan. 30, according to defense briefing documents.

Officials say the "rules of engagement" that give pilots the authority to launch their weapons were broadened again last week. Now, the officials said, pilots are allowed to strike generic command and control centers that are not exclusively linked to Iraq's air defense network.

Pentagon officials also confirmed that the United States, Britain and Turkey have signed a first-of-its-kind agreement on the technical rules of engagement for air operations in the north that will give pilots even greater flexibility to decide when to fire their weapons.

The allied aircraft that patrol the northern no-fly zone are based in Incirlik, Turkey. The new arrangement means pilots will not need to call back to the base for permission to fire once they have located a target.

"The pilots have been given greater flexibility to attack those systems which place them in jeopardy," Mr. Cohen said Monday.

■ Long-Term Repair Job

A communications center on the vital Iraqi-Turkish pipeline sustained \$2.5 million in damage, apparently from U.S. bombs, and will take "several months" to repair, oil officials said Tuesday, Agence France-Presse reported from Al Zula, Iraq.

In Baghdad, an Iraqi official said technicians were "trying to work out how to restart pumping without having to wait for the installations to be repaired."

TOURISTS: 8 Dead in Uganda

Continued from Page 1

in a park on the Congolese side of the mountains. Returning at midday from a gorilla trek, the group found their vehicles on fire and their escape blocked by armed men.

The group was marched to a mountain redoubt in Rwanda. After several days a Canadian woman was released with a typewritten message complaining of Hott's domination by Tutsis, the minority but traditionally elite ethnic group that now controls Rwanda.

The other three hostages in the August kidnapping, a New Zealand citizen and two Swedes, remain unaccounted for.

"Yoo hear rumors, hit nothing ever pans out," said Ian Ripper of Guerba Kenya Ltd., a branch of the British tour company affected by the Congo kidnapping.

"People have been saying that Bwindi's O.K., because it's in Uganda," Mr. Ripper said. "It's a difficult call over there. It's always a difficult call. We thought we had it right, too."

In the latest attack, tourists who had paid \$1,000 and more to see gorillas were roused around 7 A.M. Sunday by gunfire. More than 100 militia members with automatic weapons rounded up about 30 guests from three nearly adjacent luxury campsites, witnesses said.

The soldiers demanded money and valuables, and by some reports sorted captives by nationality, segregating U.S. and British nationals from others.

Among those first rounded up was the French deputy ambassador to Uganda, Anne Peltier.

Speaking to her captors in French, she negotiated the release of all French and some Australian tourists, Ms. Peltier told reporters.

Others escaped into the forest in the confusion.

Linda Adams faked an asthma attack.

"They were treating us as well as could be expected," Ms. Peltier of California, told Reuters in Nairobi after being released near her campsite.

Mr. Ross said the militia members showed less charity on the march toward Congo.

The captives were split into several groups, he said, and warned repeatedly to keep together.

John L. Goldwater Dies; Created Archie, All-American Teenager

By Ralph Blumenthal
New York Times Service

NEW YORK — He is survived by Archie, Jughead, Betty and Veronica in Riverdale, U.S.A.

Their creator, John L. Goldwater, 83, an orphan from East Harlem who hitchhiked his way west in the Depression and invented prototypical teenage America in the comics, died Friday of a heart attack at his home in Manhattan.

Archie Andrews and his pals remain forever "16 going on 17."

In 1941, Mr. Goldwater, a struggling writer distantly related to the late Senator Barry Goldwater, dreamed up the carrot-topped, freckle-faced character perpetually torn between two loves, one blind, one dark-haired. He was a hapless teen-age Everyman counterpoised to the hyperpotent Superman, who had made his debut just a few years earlier.

Naming his creation Archie, after a school chum, Mr. Goldwater surrounded him with other characters patterned on teen-agers he had met in the Midwest, gave them jalopies and typical teenage

problems, placed them in the mythical and idyllic town of Riverdale, and found a young artist, Bob Montana, who provided what became indelible faces.

Millions worldwide came to chuckle over Archie's misadventures at school with his spinster teacher, Miss Grundy, and the fussy principal, Mr. Wetherbee; his intractable romantic triangle with the sweet Betty and spoiled, rich Veronica; the hamburger obsession of the nerdy Jughead; the rivalry with the handsome, conceited Reggie. In time, the supporting cast members grew to star in their own comic books.

Over the years the settings have been updated — Archie and his friends now exchange e-mail and go in-line skating — but the problems have not changed.

The guiding idea, Mr. Goldwater always said, was simple. It came down to Archie:

"He's basically a square, but in my opinion the squares are the backbone of America," he said in *The New York Times* in 1973.

Mr. Goldwater's childhood world of East Harlem was no Riverdale, U.S.A.

His mother died giving birth to him in 1916 and his father succumbed to grief, abandoning his baby and dying soon afterward.

Young John was raised by a foster mother and grew up to complete high school, where he knew a red-haired boy who became the prototype for Archie.

Mr. Goldwater was six feet tall and husky with dark hair, more the Reggie type.

This is not Mr. Goldwater's first obituary. When he was 48, in June 1964, The New York World-Telegram and Sun reported that he had died at age 89, confusing him with someone else.

In a letter to the editor, Mr. Goldwater reacted, "This is a unique experience, and I guess that I am one of the very few men in the world who is able to laugh at his own obituary."

David McAdam Eccles, 94; A Conservative Rebel

LONDON (AP) — David McAdam Eccles, 94, a blunt-spoken patrician who was instrumental in creating the British Library but never achieved his ambi-

tions for high political office, died Wednesday, his family announced.

He was elevated to the House of Lords after being dismissed from Harold Macmillan's Conservative government in 1962.

Lord Eccles had a tendency to say what he thought and a reluctance to apologize. His announcement in 1950 that he had assumed "intellectual leadership" of the Conservative Party inevitably put rivals on guard and earned him the nickname "Smartie Boots."

Although Lord Eccles returned to serve as paymaster general in Edward Heath's government in 1970, his hopes for high office ended on "the night of the long knives," when Mr. Macmillan dismissed seven ministers in a dramatic effort to spur his drifting government.

Betty Roche, 81, Blues Singer With Duke Ellington

NEW YORK (NYT) — Betty Roche, 81, a singer who performed with Duke Ellington in the 1940s and 1950s and was noted for her strong, dramatic delivery of blues material, died Feb. 16 at a

nursing home in Pleasantville, New Jersey. Ms. Roche joined Ellington in 1943, succeeding Ivie Anderson just before Mr. Ellington's first Carnegie Hall concert and scored high with the critics and audience in her section of the Ellington suite "Black, Brown and Beige."

John Carmody, 74, Washington Post TV Columnist

WASHINGTON (WP) — John Carmody, 74, who wrote "The TV Column" in *The Washington Post* for 21 years and delighted readers with reports from "Captain Airwaves" on everything from ratings to what was up and what was down, died Monday at Suburban Hospital in Bethesda, Maryland.

He had cancer and recently had suffered a stroke.

Mr. Carmody wrote the column five days a week for 45 weeks a year from 1977 until retiring last August.

The columnist was regarded as a major authority and source of news about television in New York and Los Angeles as well as in Washington.

Lockerbie Deal Could Be Near, Gadhafi Says

Reuters

TUNIS — Colonel Muammar Gadhafi, the leader of Libya, said Tuesday that a deal on a trial for the two suspects in the Lockerbie bombing could be near.

"A final agreement is expected," Colonel Gadhafi said in a speech broadcast by Libyan television.

Libya had earlier rejected assurances by the United States that it had no hidden agenda against Tripoli in the proposed trial of the two men and insisted that Colonel Gadhafi not be linked personally to the affair.

Diplomats based in North Africa said Colonel Gadhafi received telephone calls from President Hosni Mubarak of Egypt and President Nelson Mandela of South Africa on Sunday and Monday in which Lockerbie was discussed.

One diplomat said Colonel Gadhafi still seemed undecided whether to surrender the two men, accused of placing a bomb aboard Pan Am flight 103, which exploded Dec. 12, 1988, above the Scottish town of Lockerbie.

The United States and Britain, which want the men tried in the Netherlands under Scottish law, gave Tripoli a 30-day deadline Friday to hand over the suspects. They did not say what would happen after that.

Mandela Justifies Link to Libya

President Nelson Mandela hit back Tuesday at South African political leaders who had criticized his links with Colonel Gadhafi, saying these ties had borne fruit in the Lockerbie case, Agence France-Presse reported from Cape Town.

Mr. Mandela said the path he had chosen in maintaining links with leaders such as Colonel Gadhafi and former President Suharto of Indonesia — because they had supported the anti-apartheid struggle — was not always easy or universally acclaimed.

"Though the problems are not yet solved," he added, "there are grounds for hope that the situation in East Timor has moved towards resolution and that the Lockerbie issue is closer to being finalized than many imagined could happen." Mr. Mandela played a mediating role in both the Lockerbie case and the East Timor conflict.

Opposition parties — and several Western governments — had criticized Mr. Mandela's decisions to bestow the country's highest honor, the Order of Good Hope, on both Colonel Gadhafi and Mr. Suharto, claiming the decision was costing South Africa foreign investment.

BRIEFLY

IMF Pressure Is On, Russian Aide Says

MOSCOW — Russia's top economic policymaker accused the International Monetary Fund on Tuesday of improperly pressuring Russia in recent negotiations over debt relief, a remark that suggested the talks were moving slowly.

Deputy Prime Minister Yury Maslyukov, a member of the Communist faction in the lower house of Parliament, was responding to comments made in Washington on Monday by the IMF managing director, Michel Camdessus.

Mr. Camdessus said he remained unimpressed by the economic strategy of the Russian government. "We are not satisfied with what we see," he said.

Mr. Maslyukov said: "Mr. Camdessus is so eager to score an easy victory and to make us do what is totally unacceptable for us, he is applying all sorts of pressure and this is simply inappropriate." (WP)

Rebels in Angola Hold City in Siege

JOHANNESBURG — Rebels of the UNITA movement in Angola kept up their five-day bombardment of the key government-held city of Malanje on Tuesday, but a senior rebel commander said the rebels did not intend to take the city.

"It's not our plan to take Malanje," said the movement's secretary-general, Paulo Lukamba Gato. Mr. Gato is seen as the second most powerful man in the National Union for the Total Independence of Angola, after the guerrilla leader, Jonas Savimbi.

"Our plan is to defend Andulo, and to defend Andulo we have to keep pressure on Malanje," Mr. Gato said. (Reuters)

Cuban Dissidents Await Trial Verdict

HAVANA — The one-day trial of Cuba's four best-known dissidents has ended, but scores of anti-government activists remain in detention no the Communist-run island. Officials said the verdict would be issued later.

As the trial took place late Monday, Cuban authorities were holding at least 90 dissidents either in detention centers or at their homes, presumably to prevent protests, dissident sources said. The four on trial have been in jail since July 1997 after angering the government with appeals for reforms. (Reuters)



U.S. Doctors Tilt Against Circumcision

By David Brown
Washington Post Service

WASHINGTON — The benefits of circumcision are "not sufficient" to recommend it, according to last week's report of the medical学会。

The new policy also declines to give specific advice. But it says the medical benefits of circumcision are small and generally seeks to reassure parents who decide against the procedure for their children.

Uncircumcised infant boys are more likely to have a urinary tract infection in their first year, but the risk is still small: about seven to 14 cases in every 1,000 boys. Cancer of the penis is virtually unknown in circumcised men, but it is still rare among the uncircumcised, with about 1,200 cases diagnosed each year in the United States. And most — but not all — studies have shown that the procedure reduces the risk of venereal disease.

The United States is virtually unique among Western industrialized countries in the popularity of the procedure.

Critics view circumcision as an unnecessary ritual that alters the sex organs of boys who cannot possibly give their consent.

"We have millions of years of evolution saying this is not necessary," said Marilyn Milos, founder of the National Organization of Circumcision Information and Resource Centers. "Isn't that enough research?"

The former labor-room nurse said the academy should be applauded for "not recommending" circumcision.

"That's important," she said. "Where they fall short is, they've given the rights to parents, as opposed to the child."

People on both sides of the debate criticized the noncommittal nature of the new recommendations, which carry substantial weight with pediatricians:

Edgar Schoen headed the academy's 1989 committee. A former chief of pediatrics at Kaiser Permanente in Northern California, he called the new policy "misleading and confusing."



While in Buenos Aires, Kate Archer's **meeting** in Sydney was cancelled, so she stopped by an American Airlines ticket office and **changed** her Qantas ticket for a British Airways **ticket home**. How in the world does she do it?

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QANTAS

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world revolves around you. Now there's an alliance where you can rely on any of the airlines for assistance, no matter which one you're flying. Finnair has recently joined the **one**world alliance and will be delivering these benefits in late 1999. www.oneworldalliance.com

EUROPE

*iberty, Yes, Fraternity, Yes, but Equality? - France Debates Political Tilt*By Charles Truhart
Washington Post Service

PARIS — A constitutional amendment designed to increase the number of women who will be elected to office is arousing passions in France.

The proposal by the Socialist-led government, which is supported across party lines by President Jacques Chirac, is aimed at addressing the imbalance in the number of men and women holding seats in elective bodies, from the National Assembly to municipal offices. In the 577-seat National Assembly, the powerful lower house of Parliament, the ratio is about 9 to 1 in favor of men.

The proposal faces a crucial test Thursday in the Senate, the otherwise powerless upper chamber of the assembly that can block constitutional amendments.

The differences over the "parity amendment" is not on equality for women, but on whether

the revision would trigger a quota system based on sex that would be incompatible with French republican ideals — that all citizens are equal.

Opponents of the amendment warn that it will open the door to quotas for minorities.

The language of the proposed constitutional amendment is vague. As a bipartisan compromise, it would "favor equal access by men and women" to elected office. In practice, said a constitutional scholar, Guy Carcassonne, it might result in laws restricting the number of candidates of one sex on a party list to, say, 60 or 70 percent, or denying public funding to parties that do not act to remedy a male-female imbalance.

But in this debate, it is the principle of the thing, which in France is often more important than the way things work.

"Parity is not a political matter; it is above all a matter of principle, of philosophy," said the feminist writer Elisabeth Badinter, whose voice is one of the most prominent against the parity law.

"The ideology of quotas breeds sordid and humiliating calculations," she wrote in an anti-parity manifesto. "Does it need repeating that politics is above all an ideological choice that has nothing to do with sexual specificity?"

The philosopher Sylviane Agacinski has accused the anti-parity forces of "absolutely ignoring sexual difference" and thus "identifying humankind with a single sex, that of man." She wrote that such a position was "humiliating" for women because it "denied their femininity."

Madame Agacinski's words carry more weight today than they did when she published them in 1996, because now her husband, Lionel Jospin, is prime minister. "Our country is late on this point, compared to most other European democracies," Mr. Jospin, who has been promoting the amendment, said last week.

Like many French people, Mr. Jospin is embarrassed by the low representation of women in Parliament, compared with that of other European nations. Only Greece has a lower percentage of female members of Parliament.

Fewer women represent 56.9 percent of the public sector workforce, but only 7 percent occupy the most senior jobs. Nationwide, only 4 of 88 university presidents and 5 of 109 prefects — representatives of the state in the provinces — are women, according to a recent study.

During the 1997 elections that brought the Socialists to power in a leftist coalition, Mr. Jospin decreed that every third Socialist candidate must be a woman. That helped move a new generation of candidates to the fore and lifted France out of the cellar in the European standings. Before the elections, the number of female legislators in the National Assembly was the same as in 1945, the first year French women were permitted to vote.

In the spirit of reform, Mr. Jospin has named women to important cabinet positions, including Justice Minister Elisabeth Guigou and Employment and Health Minister Martine Aubry, both of whom now are considered potential prime min-

isters. France's only experience with a female prime minister, Edith Cresson, ended in 1992 after not quite 11 months.

Although French women are prominent in the media, entertainment, the arts and literature, sports, and, like Madame Badinter and Madame Agacinski, the academic world, they are considerably less evident in top executive positions. None is at the top of the largest French corporations. Men and women acknowledge that a male culture pervades the pinnacles of power.

If women are underrepresented in politics, Mr. Carcassonne said, that is because "they have to fight like dogs to be designated a candidate, crushing everyone in their path."

"That's very dissuasive to anyone interested in a normal life," he said. "and that's why we have neurotics in office."

The idea behind the revision is to "make the political parties do what they should have done already," Mr. Carcassonne said. "We could wait 150 years for them to change, but why wait?"

BRIEFLY

A Hijacker Yields To French Police

PARIS — An Italian who hijacked an Air France plane to Charles de Gaulle airport near here on Tuesday surrendered shortly after 7 P.M., after freeing all the passengers, a personal familiar with the situation said.

Stefano Savorani gave himself up to gendarmes three hours after diverting the plane from Orly, south of Paris, to Charles de Gaulle, north of the capital during a flight from Marseille.

He said by mobile phone that he was acting in the name of an Italian group called "Vitalitismo." Italian authorities said they did not know of any such group.

He said: "I do not want money. I only want my movement to be recognized." (AP)

Picard Balloon Heads for Morocco

GENEVA — The Swiss-British balloon team bidding to be the first to circle the globe nonstop reported making better speed than expected after the first night and was approaching Morocco on Tuesday in hopes of picking up the jet stream.

The balloon trails a British rival that departed from Spain on Feb. 17 and is currently over Asia. (AP)

Bonn Will Appeal Execution in U.S.

BONN — Germany is to appeal to the International Court of Justice in The Hague over the planned execution in the U.S. of German national, Walter LaGrand, 37, scheduled for Wednesday, a government source said Tuesday.

Judge Minister Herta Daeubler-Gmelin suggested to Foreign Minister Joschka Fischer in an open letter Tuesday that he should bring the U.S. stance on the execution before the international court.

Mr. LaGrand's brother, Karl, 35, was executed in Florence, Arizona, last Wednesday.

The brothers were condemned to death in 1984 after being convicted of stabbing to death a 63-year-old bank manager in a botched robbery in 1982. (AP)

*Anti-Semitic Marchers Spread Fear in Russia*By Celestine Bohlen
New York Times Service

MOSCOW — With their black uniforms and barely disguised swastikas, followers of Alexander Barkashov's Russian National Unity party are hard to miss, which is one reason their march through a Moscow neighborhood a few weeks ago attracted so much attention. The marchers, shouting out "Glory to Russia!" with stiff-armed salutes, numbered no more than 200, hardly a row of strength in a city of 10 million, but for Mr. Barkashov, 45, a pony-tailed state expert and veteran of an earlier briefly nationalist movement, just showing up was enough.

"He wanted to prove his legal rights," noted Vladimir Bondarenko, deputy editor of the newspaper Zavtra, which provides ideological support for Mr. Barkashov and other Russian nationalists, "that is to say, his right to walk down the sidewalks, to go where he wants, when he wants."

These are strange times in Russia since, even years after the collapse of communism, hopes for lasting stability are more elusive than ever. Elections — first to the Parliament, then to the presidency — are still months away, but the country is already struck by pre-election nerves that flare up in the media — sometimes on the streets.

It was in this jumpy atmosphere that "barkashovites" made their move — it was in this atmosphere that their

Sunday outing stirred a noisy national debate: Politicians and prosecutors are once again arguing over how to deal with Russia's peculiar, virulent brand of nationalism, socialism, with its deep strains of anti-Semitism and its glaring antagonism to the West.

How dangerous a threat is posed by this "neofascism" is one of the main questions under debate. It is not difficult to make a comparison between Russia today and pre-Hitler Germany — a collapsed economy, an electorate that feels bitter and betrayed, a weak central government. Poll takers have found a widespread yearning for an "iron hand."

But for all the scare talk, Russian neofascist groups are still small and marginal. Some experts maintain that they are creatures of the old KGB, while others argue conspiratorially that they are used by the authorities to whip up pre-election anxieties that will drive voters back into the embrace of the political establishment. "You notice they make no noise until the pre-election period, when people in power try to use them for their own ends," said Oleg Vakulovsky, a television documentary film maker who has become an expert on Russian fascist groups. "The authorities have done more to boost their popularity than their own swastikas."

One of the themes that now unite extreme nationalists and alarm liberal Russians is a recurrence of anti-Semitism



Russian nationalists shouting in support of the Kurdish leader Abdullah Ocalan at a Moscow rally Tuesday.

ism. According to Mr. Bondarenko, it is no more and no less than a popular expression of the humiliation of Russian national feelings.

"Here in Russia, Jews have power over finances, information and the circles that surround the president," said Mr. Bondarenko. "So for millions of Russians, Jews are a symbol of their humiliation. You cannot stamp on national feelings for too long."

With their open attacks on Jews,

Russia's hardcore nationalists, including those in the mainstream Communist Party, have served up a challenge to Russia's democratic politicians — a challenge that so far has been answered only feebly, some say disgracefully.

Moscow's mayor, Yuri Luzhkov, has taken Mr. Barkashov's grandstanding as a personal affront and is trying to have the party banned from the city.

As the debate heats up, so does the language of hate. In Moscow, the Rus-

sian National Unity followers are now lying low, but on television, reports of anti-Semitic statements — and excuses for anti-Semitic statements — have become practically commonplace.

The Russian National Party may not be the biggest danger; by employing Nazi symbols, it has relegated itself to the political fringe in a country that lost millions of lives in the war against Hitler. The party's membership does not exceed 100,000.

There are other, even more flamboyant groups, of which the noisiest is Eduard Limonov's National Bolsheviks, who recently interrupted a political gathering of Russia's fast-dwindling liberal elite with chants of "Stalin! Gulag! Beria!"

Such shock tactics have earned Mr. Limonov a reputation as an outrageous star of political theater. But his followers number no more than 6,000.

More disturbing than all the extreme nationalist groups is the nationalist wing of the Communist Party, headed by Gen. Albert Makashov.

His rabid anti-Semitism has become increasingly blatant and vicious, and it is still unchecked. As he stumps the country, sometimes with Viktor Ilyukhin, a fellow Communist and chairman of a parliamentary committee, Mr. Makashov seems to have no other message than an appeal to a centuries-old Russian instinct to blame Jews for everything.

Continued from Page 1

Serbian forces stepped up military operations, with heavy shelling reported in the south of Kosovo on Tuesday.

"The reaction to my proposal for an international force was very, very negative," Mr. Vollebaek said the day after meeting with Mr. Milosevic. "I think we will have to work for some considerable time before he will accept any kind of force," he said of the Yugoslav president.

From Belgrade, Mr. Vollebaek traveled to Prishtina, the capital of Kosovo, to meet with ethnic Albanian leaders and afterward expressed his grave concern about the escalating fighting in the province.

"The movement of troops is serious

and a cause for great concern," Mr. Vollebaek said. "A further escalation of the conflict could put the whole peace process at great risk. We have lately seen a number of grave incidents and provocations."

Serbian forces have massed large numbers of tanks and armor in the south of Kosovo along the border with Macedonia. All morning, tanks rumbled on the main road close to the border shelled the hillsides where the KLA holds positions amid mountain villages.

Thousands of people have fled their homes in the last few days because of the shelling and 350 women and children have been camping out for two nights in the woods still carpeted in snow.

The KLA has largely shown restraint in the face of broad attacks from Serbian

army and police units, international verifiers have said.

There have, however, been several incidents this week in which Serbian civilians and police have been killed, including two separate ambushes on police vehicles.

There is little doubt, however, that the major action is on the part of Serbian forces, which are thought to be present in Kosovo in larger numbers than ever before. Government troops have attacked and cleared villages of people in much of the area surrounding the border region and have mined the bridge on the main road leading to the border.

KLA commanders say they are only engaging the enemy when attacked and are telling their men not to be the first to fire. European security organization

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ASIA/PACIFIC

Ex-Police Chief Recounts His Beating of Anwar

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Abdul Rahim Noor, the police chief who beat Anwar Ibrahim in September, offered for the first time his account of the incident in testimony Tuesday that sharply contrasted with that of police officers who witnessed the beating as well as with Mr. Anwar's account.

Mr. Rahim, who resigned this year as the country's top police officer, told a three-man panel looking into the beating that he "lost his sense of control" and slapped Mr. Anwar, the former deputy prime minister, on the left and right side of the head, but that the assault lasted just a "split second."

Earlier accounts, including that from Mr. Anwar and doctors who examined him, described a pummeling that included at least seven blows and could have been fatal.

Mr. Rahim testified as the panel was

winding down its eight-day inquiry into the beating, which shocked the country when it was made public last year and galvanized opposition groups.

They regarded it as a symbol of injustice and police brutality under the 18-year-old rule of Prime Minister Mahathir bin Mohamad.

Without prompting, Mr. Rahim stressed that he acted alone.

"I wish to make it clear that my act as referred to was not prompted, abetted, advised, directed or assisted by anyone else," he said, reading from notes in his lap. "Not even by my police officers. Not even the prime minister."

Cross-examined by Mr. Anwar's lawyer, who pointed to many disparities between the former police chief's testimony and that of his colleagues, Mr. Rahim said he could not remember any other blows delivered to Mr. Anwar besides the two slaps.

"I could have done it; I may not have done it," Mr. Rahim said in a matter-of-

fact tone. When he was pressed further by Mr. Anwar's lawyers, a panel member interrupted.

"We have the doctors' evidence," Mahadev Shankar, a retired judge, told Mr. Anwar's lawyer. "We will draw our own conclusions."

Although the panel does not have the power to prosecute, it will offer its assessment of the case to the country's attorney general once it has finished interviewing witnesses.

Testimony by other police officers in the case has sharply differed with that of Mr. Rahim, who says the former deputy prime minister provoked him by calling him the "father of all dogs."

A police officer who was down the hall from Mr. Anwar's cell when the beating occurred said Tuesday that he heard shouts of pain followed by: "Don't hit me! Why are you hitting me? Allah!"

He said he then saw two police officers restraining Mr. Rahim. One of

them pulled him by his belt away from Mr. Anwar as the other pushed him out of the cell and held the police chief's hand in the air, the officer testified to the panel.

Mr. Anwar was handcuffed and blindfolded at the time of the beating and was denied medical treatment for four days after the incident.

Currently facing sodomy and corruption charges, Mr. Anwar was not present at the hearing Tuesday, despite protests from his lawyer, who said he should be able to face his assailant.

"As far as the commission is concerned, we do not require the presence of Dato Seri Anwar any further," said Anuar Zainal Abidin, head of the panel. Dato Seri is an honorific given to the country's most prominent citizens.

Before he fell out with his boss, Prime Minister Mahathir, and was dismissed from the government in September Mr. Anwar was the second-ranking politician in the country.



Abdul Rahim Noor leaving the Kuala Lumpur courthouse Tuesday. (Reuters)

INDONESIA: Crusader for Justice

Continued from Page 1

the U.S. Justice Department's monopoly case against Microsoft now in recess in Washington.

During the Suharto years, the market mechanism did not work, Mr. Sasono said. "My task is to move from the crony economy to create competitive market mechanisms."

"Let's move to a more managed capitalism — protections for minorities, protection for small business, an antitrust law. If we target a certain group — say, the Chinese — it has nothing to do with being pro- or anti-Chinese. It has to do with justice."

Mr. Sasono said he has taken time to explain his policies to ethnic Chinese, and he insists that most of them will benefit from his crusade. Most Chinese businesses are small, he said, and so they, too, are victims of the power of the conglomerates.

He also has tried to counter suggestions that his proposals are inimical to all business people, particularly foreign investors unaccustomed to blunt talk. Instead, he said, his ideas are business-friendly, because they would increase the purchasing power of the masses.

At the moment, Mr. Sasono can count on high-level backing for his plans. He is a longtime friend and associate of President B.J. Habibie from their days together in the Indonesian Association of Muslim Intellectuals, a group once headed by Mr. Habibie and of which Mr. Sasono is now secretary-general.

In a transition cabinet carefully balanced among the military, old Suharto loyalists, young reformists and technocrats, Mr. Sasono is seen as Mr. Habibie's link to urban Islamic activists who are not shy about promoting the interests of the country's Muslim majority.

But Mr. Sasono's friendship with Mr. Habibie did not stop him from offering a candid assessment of the president's troubled tenure since he assumed office on Mr. Suharto's resignation last May.

Mr. Habibie is a unique personality, Mr. Sasono said. "People look at him as a weak president. In my view, he's not weak. Sukarno, Indonesia's first president, and Suharto were the old style of



An Indonesian military police officer watching over a rowdy group of civilian guard recruits Tuesday at Senayan sports complex in Jakarta. The guards will use sticks, handcuffs and rattan shields to help safeguard the June elections and combat rising crime. (Charles Dharapak/The Associated Press)

the charismatic president. In my opinion, Habibie is more of a scientist than a politician. I feel not having a strong president is a precondition for democracy.

"He has laid in this transition period a very good foundation for democracy and human rights, for regional autonomy. His problem is legitimacy."

Mr. Habibie is trying to gain legitimacy through the June ballot, in which he hopes his ruling Golkar bloc will be able to shed its association with Mr. Suharto and win enough seats in the Parliament for the lawmakers to elect him to a full five-year term as president. Analysts said the task will be difficult but not

impossible, since the country is primarily rural and Golkar still has the best political infrastructure in the provinces.

Mr. Sasono has said he does not intend to campaign for any party or candidate. He is too busy, he said, with his "people's economy" agenda. But others say that by staying on the sidelines, Mr. Sasono is putting himself in position to join a new government if another old friend from the Muslim intellectuals' group, the scholar Amien Rais, wins the presidency.

Mr. Sasono offered no predictions on the June vote. He just smiled, and said coyly, "This election will hold a lot of surprises."

BUILD: Corruption Undermines Chinese Public Works Projects

Continued from Page 1

graft or using shoddy materials.

In a year when they are emphasizing social stability, China's leaders fear that such incidents may inflame popular anger against the government.

Corruption already ranks as the No. 1 grievance of ordinary Chinese. Mindful of the public mood, Prime Minister Zhu Rongji told a top-level meeting on construction safety in February that anyone caught skimming funds or skimping on quality should be severely punished.

"Otherwise, we shall become people condemned by history," Mr. Zhu warned his listeners, according to the official Xinhua press agency. "Poor construction quality will bring calamity to the country and the people and will entail untold troubles."

Mr. Zhu's speech was an attempt to keep China's ambitious, Keynesian-style spending program on track less than a year after it began. As the country's economic czar, Mr. Zhu is the chief

architect of the huge infrastructure investments. Beijing is depending on the spending to make up for dwindling private consumption in the wake of the Asian financial crisis.

The Chinese economy could not have achieved its growth rate of 8 percent last year without the stimulation from infrastructure spending, said Hu Biliang, senior economist at a French securities firm in Beijing. He estimates the rate would have been 5 percent or less.

But the spectacular failure of several projects, some of them begun before the stimulus program was unveiled, has dampened popular enthusiasm for more large-scale public works schemes.

On Jan. 4, as villagers crossed a small but busy footbridge in a rural neighborhood of Chongqing city in central China, the structure crashed down in a heap of bodies and rubble. Rescue crews recovered the bodies of at least 18 paramilitary police officers and 22 civilians.

Outrage over the accident reverberated across the country. It rose further after an investigation showed that the

bridge contractor had built other faulty spans in the area but had never been brought to account. A welder who worked on the fallen bridge came forward to say he had repeatedly tried to report the use of defective materials but that his complaints were shunted around and wound up nowhere.

Worse, a local Communist Party cadre, a former classmate of the contractor, admitted taking \$12,000 in bribes in connection with the project, which managed to go over budget by 40 percent despite its flawed execution.

Less than a week after the Chongqing collapse, a bridge in Fujian Province also crumpled, killing seven people. The foreman in charge of its construction has been arrested for allegedly ignoring warnings that the structure was dangerous.

The two collapses led Xinhua to acknowledge that "an alarm" had been sounded about careless construction. The central Ministry of Construction issued an emergency notice exhorting local authorities to "learn from the bloody lessons" of the accidents.

CHINA: Albright, Looking on Bright Side, Sees Ties Maturing

Continued from Page 1

The Chinese were also told that the visit of Prime Minister Zhu Rongji to Washington in early April had presented them with an opportunity to make a move showing an improvement on human rights.

To coincide with the prime minister's visit, it would be helpful, Mrs. Albright suggested, if the Chinese ratified one of the UN civil rights covenants that they had pledged to ratify by last fall. The covenants have not been ratified.

Congress remains angered by China's human rights policies, and the recent arrests and sentences of opposition party members in China has heightened the antagonism.

In a sign of this renewed ire, the U.S. Senate passed a unanimous resolution last week urging the administration to condemn China at the annual meeting of the UN human rights commission in Geneva starting at the end of this month.

One of the tasks of Mrs. Albright's trip was to assess whether the administration had improved, officials said, the details of the concessions that China was prepared to make for what the administration insists must be a "commercially viable" agree-

ment were far from clear.

The U.S. trade representative, Charlene Barshefsky, is due in Beijing on Wednesday and will be carrying with her a specific proposal that addresses the outstanding issues, a senior administration official said. "After her visit, we'll have to see where we are."

On U.S. national security interests that have also riled Congress, Mrs. Albright had to reply to some tart complaints from the Chinese about Washington's intentions to deploy a theater missile defense shield in Asia.

The Chinese view this plan, which could involve a protective shield around Taiwan as a threat to them.

Mrs. Albright said at a news conference, "I replied that instead of worrying about a decision that has not been made to deploy defensive technologies that do not yet exist, China should focus its energies on the real source of the problem — the proliferation of missiles."

China should use its influence on North Korea to help restrain missile development there, she said. And Beijing should work with Taiwan to reduce tensions so that the buildup of missiles on the Chinese coast opposite Taiwan was not needed, she added.

Crowds Flee East Timor Amid Fears of Violence

The Associated Press

DILI, East Timor — At least 800 people left East Timor on trucks and boats Tuesday amid fears of escalating violence between supporters and opponents of independence.

Tensions have mounted in East Timor since Indonesia said in January that it was willing to grant independence to the former Portuguese colony if its people rejected an autonomy offer.

In recent weeks, many non-East Timorese residents have returned to their hometowns and have sold cars, houses and other possessions before leaving the territory.

Indonesia invaded East Timor in 1975 and annexed it a year later. Years of human rights abuses and guerrilla warfare followed, but Jakarta began easing its policy on the region after the May ouster of authoritarian President Suharto.

Pro-Indonesian civilian militiamen, some of whom have been armed by the Indonesian military, feel betrayed by the government's willingness to grant independence. There have been sporadic clashes with separatists.

On Monday night, a supporter of independence was shot and wounded on a beach east of Dili, the capital of East Timor.

Prices of basic commodities in Dili have risen because many traders have left town, making it hard to find goods.

■ 3 Christians Found Killed Near Ambon

The police found the bodies of three Christians on Tuesday near Ambon, an eastern Indonesian city where a week of religious and ethnic rioting has killed at least 38 people. The Associated Press reported from the city. One had been hanged.

Ambon, the seaside capital of Maluku Province, has been at the center of fighting between Christians and Muslims that has left at least 150 people dead this year despite security forces' efforts to suppress the violence. Hundreds of houses have been burned and tens of thousands of people have fled their homes.

In Jakarta, the police inaugurated the first wave of civilian guards to help safeguard the June 7 parliamentary elections and combat rising crime. Critics say the guards are not well-trained and could end up inciting violence instead of preventing it.

BRIEFLY**Parliament Backs Taipei on Economy**

TAIPEI — The Taiwanese Parliament rejected a no-confidence motion raised Tuesday against Prime Minister Vincent Siew, thereby in effect granting a year's endorsement to his strategy for combating the island's economic slowdown.

"The no-confidence motion has not passed," Speaker Wang Jin-pyng announced after 142 members of the 225-seat body opposed the measure. It was backed by 83.

Under constitutional amendments enacted less than two years ago that gave Parliament the no-confidence tool, lawmakers are barred from raising a similar challenge within the following 12 months.

(Reuters)

China Aide Linked To Railroad Bomb

BEIJING — The Chinese police have arrested an angry county official and two accomplices suspected of planting a bomb on China's main north-south rail artery, an official report said Tuesday.

Li Hongxin, a minor bureaucrat outside the city of Xingtai, is suspected of setting the Jan. 20 blast to protest his lowly status and his failure to make money in a coal mine, the newspaper China Youth Daily reported.

The police also arrested a relative of Mr. Li's who helped make the bombs and another person who planted them, the paper said. (AP)

Hong Kong Unsure About Immigrants

HONG KONG — Hong Kong said Tuesday that it would not rule out amending its postcolonial constitution to stem a potential mass influx of immigrants from mainland China.

The secretary for security, Regina Ip, told legislators that the government was not discussing amending the constitution, the Basic Law, at this time but would not rule out such a step in the future.

Hong Kong's top court handed down a decision in January that gave any mainland child of a Hong Kong permanent resident the right to live in the territory. (Reuters)

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EDITORIALS/OPINION

Herald Tribune
INTERNATIONAL**Nigeria, Indonesia**

The most populous nations of Africa and Southeast Asia are poised precariously in mid-transition from decades of dictatorship to would-be democracy. Success could reverberate far beyond the two countries, setting examples that might prove contagious. Failure could prove just as discouraging.

Nigeria held its presidential election on Saturday. Indonesia is scheduled to vote in June. It is far too soon to predict the outcome of transition in either country. If we have learned anything in this decade of failing dictators, it is that elections alone are not enough to guarantee democracy. Democratization depends on the involvement of citizens before, during and after elections, and that can be corrupted by corruption, intimidation and apathy.

In both Nigeria and Indonesia, long years of repression crippled the institutions that could provide a sustained check on those in power and a sustained voice for the otherwise powerless. Such institutions cannot be created, or re-created, in an instant.

Their absence helps explain the worrying level of cheating in Nigeria. Only the loser so far has charged that such cheating alone was responsible for the winner's 63 percent result, but no independent observers have certified the voting as fair. The Transition Monitoring Group, a coalition of Nigerian nonprofit organizations, said that in

some areas "the incidence of electoral fraud was great enough to completely distort the election result."

Such charges are unlikely to prevent former military ruler Olusegun Obasanjo from assuming power on May 29, but charges of fraud should be investigated. More to the point, they should discourage him from "any triumphalist insistence on a 'winner-take-all' stance," as the monitoring group said.

"The incoming civilian government must therefore begin to make determined and sustained efforts to cultivate democratic norms and values."

There are reasons for worry in Indonesia, too. Ethnic and religious violence has broken out in many parts of the country, some of it allegedly instigated by military groups. The transitional government has devised election rules that are only partly democratic.

But in neither country is it time to write off the attempted transitions. If elections are not sufficient to create a democracy, they are nonetheless essential. In both countries, players across the political spectrum so far seem willing to participate and fight for improvement in the rules and a deepening of civic society. In those efforts, they merit support from overseas, with an attention that stays focused long past election day.

—THE WASHINGTON POST

The Broaddrick Story

The case of Juanita Broaddrick, the Arkansas woman who claims that she was raped in 1978 by Bill Clinton, poses a question with no satisfying answer. How should one respond to an allegation that is obviously graver than any the president has yet confronted but is also, by virtue of its age and circumstances, so difficult to assess reliably? That the press is at once accused of being weak-kneed for having waited so long to run the story and of being too aggressive for having eventually done so is evidence of the confusion that this question provokes.

Mrs. Broaddrick has some contemporaneous corroboration of her account from people whom she allegedly told about her encounter with Mr. Clinton, who was then the attorney general of Arkansas. She appears to have no particular political ax to grind. And she was, until recently, a most unwilling witness, refusing to tell her story publicly for many years. Her account could not be dismissed either by investigators for independent counsel Kenneth Starr (who deemed the evidence in-

—THE WASHINGTON POST

Human Rights in China

A disturbing pattern is developing in the Clinton administration's relationship with China. The more Washington seeks to broaden its agenda with Beijing, the more harshly China treats democrats and dissidents. In the face of a new wave of political repression in China, President Bill Clinton and Secretary of State Madeleine Albright must do more than repeat stale complaints and then change the subject to trade. Americans will not support a policy of engagement and improved relations with China if the price is American inaction on human rights abuses.

Mrs. Albright traveled to China this week just days after the State Department published a withering report on repression in China. It found that in 1998 Chinese leaders broke their promises to respect international human rights conventions, held thousands of political critics and religious activists in prison, tortured detainees and tightened restrictions on the press. Beijing has been using long prison sentences to crush the formation of independent political parties.

Mrs. Albright talked bluntly about the dismal record in her meetings with Chinese officials on Monday, as she has done before. That seemed sufficient when China's conduct was improving. But as President Jiang Zemin has tightened controls on political expression in recent months, the American criticism has seemed increasingly hollow and ineffectual. Mrs. Albright's words were further muffled by the primary purpose of her visit, which was to advance the administration's policy of building diplomatic links with China, specifically by advancing Beijing's entry into the World Trade Organization and preparing for a smooth visit to Washington next

—THE NEW YORK TIMES

month by Prime Minister Zhu Rongji.

Washington can act more forcefully on human rights by sponsoring a new United Nations resolution on Chinese abuses in Geneva later this month. Last year, for the first time since 1991, the United States did not support a resolution condemning China before the UN Human Rights Commission in Geneva. The administration hoped that this gesture would encourage Beijing to ease political repression. American silence on the issue this year would be unconscionable.

Mr. Jiang and his fellow Communist leaders fear social unrest. As economic growth has diminished because of Asia's financial crisis and Beijing's own incomplete economic reforms, political protests have spread and the government has tried to intimidate those who favor greater freedom and democracy. But as Mr. Clinton noted last week, sooner or later China will have to realize that it "cannot purchase stability at the expense of freedom."

If the repression grows worse in the weeks ahead, the administration may have to reconsider its commitment not to link China's admission to the WTO to its human rights performance. For now, the membership decision will depend on Beijing's willingness to lower tariffs to international standards. Conceded that too rapid an exposure to free trade will increase Chinese unemployment and unrest, Beijing wants an extended transition period. Some accommodation is reasonable. But the point of admitting China into the WTO is to bring it more fully under the rules of the international trading system. Excessively watering down those rules to have an agreement ready in time for Mr. Zhu's visit to Washington would be a mistake.

—THE NEW YORK TIMES

Herald Tribune

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Why and How America Should Deal With Kosovo

By Thomas L. Friedman

WASHINGTON — Should America get involved in Kosovo? The answer is a qualified "yes."

Kosovo is a civil war between the Muslim Kosovar Albanians, who make up 90 percent of Kosovo Province, and the Orthodox Serbs, who make up the other 10 percent of Kosovo, which is itself part of Serbia.

How do civil wars end? Usually in one of three ways: with a hard partition, as in Cyprus; with a soft partition under a hard fist, as in Lebanon, where the Christians and Muslims now mix under a Syrian fist; or, as in the American Civil War, with one side vanquishing the other and dictating the future.

That is how civil wars end. They do not end with both sides saying "I'm O.K., you're O.K."

In principle, I have always favored the partition option, whether in the Balkans or in the Middle East. I think that people need to live apart before they can live together. Nevertheless, the U.S.-NATO position in Bosnia was not to tolerate a hard partition. So the civil war in Bosnia ended, like Lebanon, with a soft partition under a hard fist, and that hard fist is the American-led NATO force in Bosnia.

The U.S.-NATO position is that Kosovo should be handled the same way. There should be a soft partition, with Kosovo remaining in Serbia, but with the Kosovars being given real self-rule for the near future — all protected by the hard fist of NATO. That is the peace accord that both sides rejected last week.

But if they accept, you ask, is it worth making a difference to quell this particular Balkan civil war, and can the United States make a difference at a reasonable cost sustainable with the American people?

As to whether it is worth making a difference in Kosovo, the answer is "yes." America has a strategic and humanitarian interest in not allowing this Kosovo-Albanian conflict to get out of control. As the Balkan expert Herbert Okun likes to observe: "Bosnia implodes, Albania explodes."

There is real reason to believe that if it is left untended, the Kosovo problem will be taken by the Serbs around, and NATO should not hesitate to use airpower to restrain the Serbs from ethnically cleansing Kosovo.

— in ways that will be highly destabilizing, will lead to a large number of refugees, will infect Greek-Turkish relations and will sour intra-NATO relations. You cannot care about the future of NATO and the stability of Southern Europe, and the United States has no interest in Kosovo.

But if NATO is not going to invade Serbia to impose a settlement. At least three NATO members, France, Italy and Greece, would not approve.

If both parties eventually come to their senses and accept a peace deal, should America contribute peacekeeping troops? Yes. Since the deal calls for the Europeans to commit 25,000 troops and the United States only 4,000, it means that the Europeans are assuming the lion's share of responsibility. Getting the Europeans to take such responsibility is, in itself, a U.S. interest.

The United States is and must remain a European power and therefore it cannot remain entirely aloof from a Kosovo deal. Contributing 4,000 troops is not beyond the means, or the interests, of America as a great power.

The bottom line: It is worth keeping the peace in Kosovo, if there is a peace to keep. If there is no peace to keep, Washington should work with allies to quarantine the area, so that its toxic impact on the rest of Europe is minimized.

Either patrol a fence between the warring parties if they are ready to stop fighting, or build a fence around them if they are not.

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— The New York Times.

The Journalism That Doesn't Bother to Check Its Facts

By Tom Rosenstiel and Bill Kovach

WASHINGTON — At long last, Jane Doe No. 5. After months of buzz from the on-line gossip Matt Drudge, fulmination from the cable television host Chris Matthews and insinuations from House Minority Whip Tom DeLay, Democrat of Texas, Juanita Broaddrick's sexual assault allegation against Bill Clinton has flared in the serious press.

On Feb. 19, an interview by Wall Street Journal editorial writer Dorothy Rabenowicz with Mrs. Broaddrick became the basis for a piece that ran on the paper's commentary pages.

The next morning, The Washington Post published a long and pained news story on Page 1, explaining that it had interviewed Mrs. Broaddrick weeks after the alleged incident, and she accepted a nonpaying position on a state advisory board from him when he was governor.

In the days since Mrs. Broaddrick's story was first squarely told, there have been calls for Mr. Clinton to address it directly rather than leave everything to the blanket denial of his counsel. But that could hardly assist in any sober assessment of Mrs. Broaddrick's claims. Mr. Clinton's word on this issue by now has no value. That leaves us with an accusation which cannot be responsibly accepted, nor easily ignored. It is a mark of where Mr. Clinton has brought us as a country that he cannot begin to ameliorate that fact.

What are we to make of how and when Jane Doe No. 5 became a big story? The circuitous tale is a template for what might be called the New Mixed Media Culture, and it is a sign of things to come — bad things for the nature of public discourse.

America is moving toward a journalism of assertion rather than of verification, and the cost for society is high.

We are not judging the merits of Mrs. Broaddrick's allegation. Moreover, we believe strongly that most modes of communication, including cable television and the Internet, benefit everyone. Our point is to reaffirm the value and importance of journalism's function.

Mr. Clinton's fitness for office is beyond the scope of reporters to decide. Rather, a journalist's job is to sift out the facts from the allegations. and

to provide citizens with accurate reliable information upon which they can self-govern. That process is at risk.

Mrs. Broaddrick is a nursing home operator in Arkansas who alleges that in 1978 Bill Clinton forced her to have sex with him in her hotel room. She told friends about the incident at the time. She did not go to the police and she avoided reporters.

Years later, when contacted by Paula Jones' attorneys, she signed an affidavit denying that Mr. Clinton had assaulted her. But when she was contacted by investigators working with independent counsel Kenneth Starr and was offered immunity from prosecution, she retracted the affidavit.

Then, after Mr. Clinton's trial in the Seabite had begun, she decided to make the allegation public, although it did not surface in the mainstream press until Feb. 19.

Why did this become a big story only after the impeachment process was over?

Actually, several leading news organizations had pursued this story since 1992 and had been unable to verify it. Mrs. Broaddrick refused to go on the record, and the news organizations properly resisted going with only secondhand sources.

Late in January, on the eve of the Senate impeachment vote, NBC News finally persuaded Mrs. Broaddrick to sit for an on-the-record interview. In the ensuing weeks, NBC tried to confirm various elements of her account and held off running it while doing so. NBC News made the right choice.

To begin with, Mrs. Broaddrick's account is problematic, especially by legal standards. She told the story, denied the denial. With that record, she put her credibility in doubt, and neither Mrs. Jones' attorneys nor Mr. Starr were able to make a case with her testimony. Even the House managers who interviewed her chose not to use the allegation publicly in their efforts to convict Mr. Clinton.

There is also the question of Mrs. Broaddrick's timing in going public. She did not come forward for nearly two decades, and then only when her allegations could have caused Mr. Clinton's removal while allowing her to escape entanglement in most of the legal process.

That timing gave NBC an appropriate pause. There is a long-standing rule of fairness in the press of not dropping bombs at the last minute during elections or other public debates. This informal rule prevents stories from unduly influencing an outcome in the mainstream press until Feb. 19.

During the time NBC and other news organizations were working to verify Mrs. Broaddrick's story, we saw the new, impatient culture of journalism at work. It is not a culture dedicated to establishing whether a story is true. It disregards verification and focuses on some secondary controversy to talk about the story.

The Right Way for Israel to Leave Lebanon

By Judith Kipper

Iran publicly concurs with this position. Why bas Israel refused to test that possibility?

Lebanon's president, General Emile Lahoud, formerly head of the Lebanese army, deserves credit for integrating, training and disciplining a multifunctional national force in Lebanon. There is no doubt, says the U.S. military, that this Lebanese army is capable of deploying in the south when Israel withdraws, to protect the international border. Hezbollah insists that it will not interfere with the such a deployment to the south.

Israeli leaders have chosen not to respond to growing sentiment in Israel that its self-styled "security zone" in Lebanon is a no-win situation.

Israelis tend to forget that Israel's ill-conceived invasion of Lebanon in 1982.

This militia, established to resist Israeli occupation of southern Lebanon, is directly supplied by Syria with arms from Iran delivered to Damascus. According to United Nations officials and other military experts in southern Lebanon, Hezbollah is now a highly disciplined and trained force, but it is not a standing army.

Hezbollah's existence as a militia gives both Syria and Iran a cost-free hand in southern Lebanon as a result of Israel's security zone there.

Hezbollah's leadership has repeatedly stated that the militia's resistance to the presence of the Israel Defense Forces in southern Lebanon will continue until Israel withdraws. When that happens, they say, there will be no need for a fighting force: they imply that the militia will be disbanded as other Lebanese militias were following the Taif agreement in 1989.

Despite the usual innuendos, supposed secret plans and con-

siderations that run rampant in the Middle East, there may be a workable formula for Israel's unilateral withdrawal from Lebanon.

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Lebanon cannot and will not sign a security or any other agreement with Israel at this time. However, Israel's prime minister knows that mutually acceptable logistical arrangements for Israel's quick withdrawal from the south and the simultaneous deployment of the Lebanese army there will not be an obstacle.

Obviously, Lebanon has to be sensitive to the will of its Syrian patrons, but what interest does Israel have in allowing Damascus to maintain Hezbollah as a force that Syria can use against Israel?

Both the United States and Israel have hinted that after the Israeli elections this spring, Syria may be ready to engage again in negotiations.

Israel's strategists are aware that Syria wants to get credit for Israel's withdrawal from southern Lebanon as part of an Israeli-Syrian deal. American and Israeli policymakers claim that "Syria is needed for the peace process." Lebanon is a casualty of this Israeli-Syrian game.

The result can be a stable and secure international border between Lebanon and Israel, a development that will be immensely popular and supported throughout the Arab world and in Israel.

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With Kosovo

OPINION/LETTERS

Signs of Improvement On the Racism Front

By William Raspberry

WASHINGTON — British society, according to a report issued last month, is "infected" with the disease of racism. Police departments, employers and citizens at large share in the discrimination against West Indian, African and Asian immigrants, it said.

And I have been thinking: How much better is America? It is, for me, a difficult question to contemplate.

The case for racist America is easy enough to make. The British report coincided with the sentencing in Jasper, Texas, of a white man for dragging a black hitchhiker to death behind his pickup truck — and with the firing in Washington of a white radio "shock jock" for making a sick joke about the murder. We are still reeling from the police shooting of Amadou Diallo; officers fired 41 bullets at the young unarmed Guinean as he stood in the doorway of his New York apartment.

Now was James Byrd, the hitchhiker slain last June, the year's only victim. I am looking at the winter issue of Intelligence Report, which

In America, Intellectuals Are Suspect

By Bruce J. Schulman

LOS ANGELES — Hidden among the sordid details of sex, lies and videotape, the president's impeachment and trial pointed up the miserably low standing of intellectuals in American life. Congress and the media treated experts with scorn. The public, for its part, greeted the erudite pronouncements of historians, legal scholars and political scientists with yawns. The nation ignored its scholars, viewing their research as irrelevant technicalities or partisan propaganda.

When Bruce Ackerman, a professor at Yale Law School, testified that the constitution forbid a lame-duck House from sending articles of impeachment to the newly elected Senate, the Judiciary Committee dismissed his contention without a second thought.

Who Sean Wilentz, a historian at Princeton, explained that the charges against President Bill Clinton, even if proved, did not meet the Founding Fathers' standards for impeachment, the committee reproached him for his insolence and warned him against criticizing the people's representatives. Even more respectful committee members nervously thanked the scholars for their "opinions," rejecting Mr. Wilentz's assertion of a fundamental difference between informed scholarship and mere opinion.

This anti-intellectual streak has deep roots in America's democratic, anti-aristocratic heritage. Americans have long viewed the learned with suspicion and challenged their intellectual authority.

A healthy contempt for the life of the mind, Alexis de Tocqueville noted in 1830, flowed naturally from America's fluid social boundaries and passionate democratic creed.

The young nation, Tocqueville observed, "escaped the influence not only of great names and great wealth, but even of the natural aristocracy of knowledge and virtue."

Americans focused on getting and spending, moving and building; they associated the "taste for intellectual pleasure" with the decadence and stagnation of Europe.

LETTERS TO THE EDITOR

Citizenship in Germany

Regarding "From Past to Future in Germany" (Opinion, Feb. 22) by Tina Rosenberg:

Ms. Rosenberg says: "Even foreigners whose families have been in Germany for generations have little chance to become citizens." This is not the case.

Foreigners who live in Germany are entitled to German citizenship after 8, 10 or 15 years. There are third-generation foreigners in Germany who are not German citizens, but this is not because there is "little chance" to become Germans but because they chose to keep their parents' nationality.

KLAUS BLOEMER

Frankfurt

Greek Disappointment

Regarding "Ocalan's Capture Hurts Greeks" (Feb. 20):

As Greek citizens, we believe that the article failed to present a broad sampling of Greek public opinion. In particular, it did not offer a substantiated analysis of public sentiment. It oversimplified things by omitting the reasons why this sentiment of humiliation arose.

We believe that Greeks feel humiliated because they think that their government is unable to resist pressures from abroad. We feel that, although Greece has been a loyal ally of the United States for many years, the latter did not rise to our defense. Once more, it was shown that America advocates respect for human rights only when these do not contradict its political and financial interests. For instance, American diplomats intervened in the Bosnian and Kosovo crises, but remained deaf to the plea of the Kurdish people for autonomy, with the exception of supporting the Kurds of Northern Iraq.

We believe that Ocalan would have been captured sooner or later and that his presence in Greece was an unfortunate incident. When he was captured, both the United States and the European Union

washed their hands of him and left Greece alone to cope with the problem.

The article did not present the anti-American sentiment that has been growing in Greece because of this feeling of betrayal. Furthermore, most Greeks had expected a dynamic European reaction, but their hopes came to nothing because the European Union has not yet succeeded in forming an independent foreign policy. Despite the unsuccessful handling of the crisis by the Greek government, a general feeling of humiliation was to be expected and justified in any case.

LOGOTHEOU AMARYLLIS,
MORONI ILEANA
Nicosia

BAe and Marconi

Regarding "BAe's Marconi Purchase Now Viewed as 'Damaging'" (Feb. 16):

Large crocodile tears were shed by the U.S. government over British Aerospace's recently announced intention to acquire GEC's aerospace and defense unit Marconi.

On one hand, the U.S. deputy defense secretary, John Hamre, says that the Clinton administration wants to see European aerospace companies obtain more U.S. market share and technology, so as to bring them up to speed with the U.S. aerospace industry. Bravo! This means opening up the U.S. aerospace market to European competitors. On the other hand, the article says that U.S. sources had hoped that Lockheed-Martin would acquire Marconi. That's not exactly opening up U.S. markets and technology to Europeans, but rather the acquisition by a formidable U.S. aerospace competitor of a strategic beachhead in Europe.

Why don't the governments stop meddling and let the aerospace companies in Europe and North America do what is best for their shareholders?

Shareholder value seems to be basis of the BAe-Marconi deal.

STEPHEN KLEIN
Heidelberg, Germany

The Bard Goes to Hollywood

By Stephen Greenblatt

CAMBRIDGE, Massachusetts — Those who have seen "Shakespeare in Love" must now be convinced that Shakespeare's ravishing sonnet "Shall I Compare Thee to a Summer's Day?" was written for a fair, wealthy young woman, Viola de Lessers, who bore a striking resemblance to the actress Gwyneth Paltrow.

In one delicious scene, young Will rushes away from the playhouse, where the actors are rehearsing his new play, "Romeo and Ethel, the Pirate's Daughter," crying out as he goes, "I have a sonnet to write!"

Minutes later, we see Ms. Paltrow melting over the sonnet inscribed "For Lady Viola de Lessers." The poet has found his muse.

The trouble is that one of the few things that scholars know about Shakespeare, apart from real estate transactions, minor lawsuits and the bequeathing of his second-best bed to his wife, is that this poem (No. 18 in the 1609 edition) is one of a group of 126 sonnets apparently written to a fair-haired, wealthy young man.

The language of the sonnet does not specify whether the beloved is a man or a woman, but

What would be a possible plot for those years, Mr. Norman asked. I first suggested that he might invent a Shakespearean involvement in the murky world of religious struggle. (After all, 1588, when Shakespeare was 24, was the year of the Spanish Armada; there are hints that Shakespeare was involved in or at least knew circles of secret Catholics.)

In effect, then, I was imagining something like the plot of "Elizabeth," another movie this year, but Mr. Norman did not warm to this idea. Then, I came up with another thought.

The really spectacular life of the late 16th century was not that of Shakespeare but that of his friend and rival Marlowe: spy, blasphemous atheist, violent brawler, double agent, homosexual, as well as brilliant playwright and poet, murdered at the age of 29.

An official inquest ruled that Marlowe met his death — a knife thrust over the eye — in a tavern brawl about the "reckoning" bill. But research has turned up evidence that the murder might have been a hit, possibly planned by the head of Elizabeth's secret police, Thomas Walsingham.

Why not have Shakespeare, whose sexuality was ambiguous, have an affair with Marlowe and then become involved, in some way or other, with Marlowe's death? You could have that death serve as the turning point of Shakespeare's career, since the truly great plays began to emerge later.

No dice, Mr. Norman said. No studio would buy it.

Never mind. "Shakespeare in Love" captures something that all Americans can celebrate: not political cunning, nor religious zealotry, nor complex moral intelligence, nor even love, but supreme, overpowering skill. American culture adores those who can jump higher, run faster, hit balls farther than anyone else, and popular artists have invented compelling myths of metamorphosis, tales that recount the transformation of people of modest talents into towering heroes.

But it is far easier to dramatize the stupendous increase in a basketball player's skill than a poet's. Mr. Norman and Tom Stoppard simply moved "Shall I compare Thee to a summer's day?" from its sequence and redirected it to a recipient whom modern film audiences, or at least the studios that try to reach these audiences, deem acceptable. How is it that a miserably undemocratic, unenlightened culture 400 years ago could be more tolerant of expressions of same-sex love, or the appearance of it, than our own?

The answer in part is that Elizabethan England was not in fact more tolerant; our laws on sexual relations are models of reasonableness compared with the punitive statutes on the books in the 1590s. But there is considerable evidence that those statutes were rarely enforced: Charges were rarely brought, juries were unwilling to convict, and many of the most powerful figures in the realm were complicit with expressions of same-sex desire.

Yet even here there is

others are awaiting trial and sentenced to death? I am not touting the death penalty, but surely sentencing a white man to die for killing a black hitchhiker has to figure in the racism equation. So must the response of whites nationally to the Jasper murder and other race-hate crimes.

Many of the people who will warn me not to be too generous in awarding racial-fairness brownie points are themselves beneficiaries of positive change in America. They sit in newsrooms and law offices, in university faculty lounges and judges' chambers, in mayors' suites and in presidential cabinet posts.

Much of racism is of the institutional sort. That is to say, racism that operates virtually independent of active racists. I think of the decent white South Africans who, in the pre-Mandela era, worked and voted for the end of apartheid and enjoyed apartheid's benefits every day of their lives. Their racial advantage, and nowhites' racial disadvantage, were built into the system so thoroughly that their personal decency was of little consequence.

But the war frustrated their plans and confounded the certainties of the nation's best and brightest. Working Americans could not help but note that these policy wonks returned to foundation presidencies and endowed professorships while many of their sons never returned from Southeast Asia.

Second, after World War II, the nation's universities opened to previously disfranchised Americans. Immigrant Jews and Catholics enrolled in the nation's most prestigious colleges, eventually storming the highest citadels of U.S. intellectual life. After 1970, a new generation of dispossessed — blacks, Latinos, Asian Americans and women — entered academe.

This democratization injected enormous vitality into America's intelligentsia, but diminished the professoriate's social status and cachet. No longer tethered to the WASP ruling class by family, club and alma mater, U.S. intellectuals could not command automatic attention and respect from the power elite. Unlike earlier generations of gentleman scholars, the new ethnic intellectuals challenged the comfortable assumptions and cultural conservatism of their to-the-manner-born predecessors.

Third, and most relevant to the imbroglio, set against the harsh realities of a bloody war and a harsh, disappointing peace, left a bitter taste in American mouths. It confirmed the earlier skepticism of Randolph Bourne, who had warned Dewey: "If the war is too strong for you to prevent, how is it going to be weak enough for you to control and mold to your liberal purposes?"

Half a century later, President John Kennedy again fired the nation's finest minds to Washington. Kennedy and later President Lyndon Johnson assigned the conduct of the Vietnam War to the national security adviser McGeorge Bundy, a former Harvard dean; the presidential aide Walt Rostow, a distinguished economic historian; and Defense Secretary Robert McNamara, a cerebral auto executive famed for his quantitative analysis and operations research.

But the war frustrated their plans and confounded the certainties of the nation's best and brightest. Working Americans could not help but note that these policy wonks returned to foundation presidencies and endowed professorships while many of their sons never returned from Southeast Asia.

Third, and most relevant to the imbroglio, the metamorphosis of the intelligentsia, its ethnic diversification and political liberalism, sparked a counter-revolution. For three decades, conservatives have launched an unstinting attack on the nation's scholars and critics.

President Richard Nixon began the assault in the late 1960s. "In this period of our history, the educated class are decadent," Nixon instructed his chief of staff, H.R. Haldeman. The learned had become "brighter in the head, but weaker in the spine." With campuses protesting its policies, the Nixon administration sent out its attack dogs to discredit the weak-kneed Ph.D.s and their middle-headed protégés. In one interview, Attorney General John Mitchell tore into "these stupid kids" on campuses. "The professors are just as bad, if not worse. They don't know anything. Nor do these stupid bastards who are running our educational institutions."

Meanwhile, Vice President Spiro Agnew roared the "effete corps of impenitent snobs that characterize themselves as intellectuals."

Since the late 1960s, conservatives have continued their assault on the "tenured radicals" who fill the universities and think tanks. Right-wing politicians have depicted U.S. intellectuals as destructive partisans rather than disinterested seekers of knowledge. They have dismissed most humanities and social-sciences scholarship as left-wing advocacy, undercutting the credibility of scholarly pronouncements.

In this environment, America treats Mr. Ackerman's original constitutional scholarship as nothing more than a paid political advertisement for the president.

Mr. Wilentz's extensive, prize-winning research into the history of U.S. democracy becomes no more than left-wing propaganda.

In a vital, vibrant democracy, intellectuals should not insist on deference, on automatic, uncritical acclaim for their ideas. But a healthy, functioning political system requires rational discussion, a willingness to heed reasoned arguments and respect thorough scholarship.

Without knowledge, political debate lacks vision. It descends into self-serving, cynical wrangling. Without vision, as President Franklin Roosevelt put it, "The people perish." The impeachment crisis pushed the United States farther down that dangerous, slippery slope.

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The writer, a professor of U.S. history and director of the American Studies Program at Boston University, contributed this comment to the Los Angeles Times.

STAGE/ENTERTAINMENT

A Jazz 'Junior Elder' Has a Way With Song

Charles Lloyd's Sax Is the Stuff of Legends

By Mike Zwerin
International Herald Tribune

PARIS — Charles Lloyd's first gig after moving from his native Memphis to major in Bartok at the University of Southern California in Los Angeles was a wedding. Added up, Lloyd's tenor saxophone and the future hall-of-famers Scott La Faro, Billy Higgins and Don Cherry deserved to win a Grammy in the "hot wedding band" category.

They were certainly hot that day. Their scorching version of Jackie McLean's "Dr. Jackyll" was all about commitment. No doubt. This marriage was on its way in everlasting bliss.

"No no!" The father of the bride approached the bandstand in the middle of it. "Please," he pleaded. "No more." He reached into his pocket: "Here. Here's your money. Just stop."

"It really hurt," Lloyd recalls with a rueful smile.

Wiser now, about to turn 61 on March 15, he thinks of himself as a "junior elder." He has "this notion of following in the steps of saints and sages."

He was born into a family he describes as "Brahmin." His grandfather, who was "mixed up Irish, Cherokee and African," owned most of a county outside Memphis. He instilled a sense of dignity in all of us."

As a teenager, Lloyd worked with the bluesmen B.B. King and Bobby Blue Bland, and later, moving to New York, with Cannonball Adderley and Chico Hamilton. He took the late Hungarian guitarist Gabor Szabo out of Hamilton's band and formed his own group. Adding Ron Carter, bass, and Tony Williams, drums, he recorded "Of Course Of Course" under his own name.

In 1966, his "Forest Flower" became one of the rare jazz albums to sell a million copies. It went into heavy rotation on FM rock radio. Lloyd now had Keith Jarrett (who had replaced Herbie Hancock) on piano, Ron McClure, bass, and the drummer Jack DeJohnette. They became jazzmen to the flower children. Their Afro hair styles had as much to do with their music.

Accompanied by psychedelic lights, they shared billing with Jimi Hendrix, Cream and The Grateful Dead in rock temples like Fillmore West. Embryonic national consciousness in the Soviet Union surfaced when an Estonian music committee heard the band on Finnish radio in 1967 and invited them to

play in Tallinn without first checking with Moscow. The story was good enough to make the pages of Time and The New York Times.

These are amazing credits (he also played with Charles Mingus), and there are more to come. Add up Lloyd's famous leaders, name sidemen, exciting discoveries and the historical occasions of which he has been a key part and we come up with a son of a closest legend.

His new album "Voice In The Night" with the guitarist John Abercrombie is his first with a guitar since Szabo. He is obviously comfortable with the openness of guitar accompaniment; it's his best record in years (Billy Higgins, drums, and Dave Holland, bass).

Abercrombie pays homage to Szabo, who bent and de-tuned strings to arrive at a Hungarian Gypsy bebop fusion. Szabo listened to Ravi Shankar's ragas, and he loved the cowboy star Roy Rogers. So add them to the mix. Lloyd calls the sum of Szabo's influences "a new kind of twang."

HE CERTAINLY has a way with words, in a certain way he talks like he plays — wide, long, legato sweeps, extended phrases with one single breath. He risks investigations that may not pan out.

Once, Lloyd considered leaving the respected independent German record label ECM he has been with for years to go with a multinational, but discovered that he would have to sign a contract that was "40 pages of slavery." His tangents turn out to be not so tangential after all.

He also has a way with song. On the surface, his song is so much like John Coltrane it can be spooky — the articulation, the choice of notes, the sound.

It is a haunting sound, completely contemporary and relevant. The more you listen, the more you suspect that Lloyd's song might have been the same even if there had been no Coltrane.

In 1969, two years after Coltrane's death, he left New York and bought a beach house in Malibu, California, to seek a new way for his music: "Playing Frisbee on the beach with Larry Hagan and Peter Fonda was nice, but you can't really call it spiritual purification." So he moved up the coast to Big Sur.

He sat on a mountain and meditated, "not bothering anybody." He did pretty much nothing else for years.

While he was reading a book translated from Sanskrit about a man with a



Charles Lloyd's haunting sound is completely contemporary.

ben frame, the 18-year-old French pianist Michel Petrucciani, who also had a bent frame, appeared out of nowhere.

Lloyd started thinking about providence: "Without Michel I might never have come down off that mountain. I took him around the world for a couple of years to get him started. We all have our cosmology."

His wife Dorothy's folks have a town house on East 10th Street and lately he has been re-examining New York. When Lloyd first got there in 1960, he thought: "This is the capital of the world. Let's get it on." And he "jumped into the fast lane and got slammed around." There were, he recalls, "a lot of dreams."

He cannot help thinking of them as the good old days. He could eat on credit at Joe's. He knew a lot of abstract expressionist painters. Ornette Coleman would come around, his neighbor Bob Dylan knocked on his door.

Dylan wanted Lloyd to play saxophone on his album "John Wesley Hardin," but when Lloyd heard the tape, it was "so sparse and beautiful. I told him, 'Don't mess with it.' Giants were roaming the Earth. We had no business agenda. There was no dumbing down in the music, nothing manufactured, it was all from the heart."

It is not easy for him to reconcile these memories with a conviction that as a junior elder, he has been getting "wholeader not older."

It is all part of "some sort of holy dichotomy," he concludes, hoping to explain the contradictions — "sort of re-capitalism."

Although "you have to keep going back to reinvestigate your terra firma and your aspirations," he believes that the mystery will most probably remain unsolved. "By the time we start figuring the tune out, we're already at the coda."

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Men at Work: Tribute in 'Toast'

By Sheridan Morley
International Herald Tribune

LONDON — A critic's place is generally in the wrong. In this column last week I was suggesting that precious few good new plays emerge from seasons dedicated to new writing, and now we have at least one exception to prove the rule.

At the Royal Court Upstairs — formerly the Ambassadors but now a bulldozer that they might as well just tear the whole place down and put up a tent instead — there is a new play called "Toast," by Richard Bean, which is as funny, touching and brilliant an account of men at work as any since David Storey's "The Changing Room" — also at the Royal Court some 30 years ago.

At the Arts, a real curiosity, "Howard Crabtree's When Pigs Fly," has been an immensely long-running off-Broadway hit despite the fact that the costumer Crabtree died five days before the original show opened in 1996. It would be unforgivably tasteless (much like the show) to suggest that this was a wise career move, but his posthumous hit remains one of those American eccentricities doomed to sink somewhere in mid-Atlantic.

At a time when we are once again being told, by The New York Times no less, that Broadway and West End theater have never been closer in terms of crossover, certain barriers still remain. Why else would "The Mousetrap" have never opened on Broadway in 50 years? Why would there have been three failed attempts to import that longest-running of all New York hits, "The Fantasticks"?

The central problem with "When Pigs Fly" is that it is dated and deeply unfunny. An English cast has considerable trouble getting itself into some costumes of epic proportions and a show that, meant perhaps as a valiant shriek on the battlefield of AIDS, now just looks embarrassingly amateur and juvenile. Seen after midnight across the bar of a gay club in the outer suburbs, "When Pigs Fly" might just about survive as a quirky satirical revue, albeit the songs are nearly as bad as the sketches; but in the chill of the Arts Theatre at West End prices, even the few faithful huddled together looked as though they would not be coming back; some of them didn't even make it after the intermission.

In New York "When Pigs Fly" seemed to be standing up bravely in the face of the horror and uncertainty of watching young men die of AIDS, and wondering where the plague would fall next. It celebrated them with that curious subsection of theatricality known as "camp," high or otherwise. Not only is it out of its element in London, where our version of camp is quite different, but also it is out of its time.

Importers beware: We are still in some theatrical senses two nations divided by a common language.

MILAN FASHION

Obscure Prada Lost in the Woods

By Suzy Menkes
International Herald Tribune

MILAN — It had to happen. After leading fashion fast forward through the 1990s, Prada has suddenly gotten lost in the woods.

Skirts covered with a compost heap of leaves, dresses studded with rhinestones like medieval armor and a bug on a string replacing program notes made Prada's fall show a vision from a benighted forest.

It also showcased some of the most hideous and deforming footwear in the long annals of female suffering: boots and shoes in marmalade and shocking-pink patent leather tipping forward for vicious spike heels. Prada even had the gall in project these horrors on screen for a close-up look.

Of course, there were saving graces: sleek broad-tail tunics; fat-free duffel coats (forget the leather leaves); athletic tops riveted with eyelets, and a brief flash of the pale, streamlined military tailoring that projects the house's modernity.

The basic idea of mixing athletic mesh breastplates with gauzy feminine skirts was intriguing. But what about all those appliquéd leaves in hallucinatory colors? Was this camouflage, as done in a disturbed infant's needlecraft class? Or a remake of Robin Hood on narcotics?

"It was about the country in a crazy way — and about doing modern pieces for evening," said Miuccia Prada, whose brown fringed suede suit was a more wearable version of a woodswoman than the backless tops and underpants on the runway.

If you have to ask a designer what is going on, something has gone wrong. Prada may have started with an interesting idea about the country in an urban society, as both frighteningly alien and a safe haven. But whereas the powerful January menswear explored a country/utility theme as modernized classics in luxurious fabrics, this women's show was one of Prada's rare missteps.

Designers should beware of those Middle Ages. The move from London to Milan by the British designer Antonio Berardi encouraged the designer to link his home base and his Italian roots. Think (oh dear!) of Lucrezia Borgia as the Queen of Punk.



Prada's sheer coat and leaf-appliquéd skirt.

Luctezza — and let's drink to fashion victims!

Compared to all that over-designed stuff, Narciso Rodriguez had a nice, simple message: He likes women curvy, shapely and with their clothes cut and seamed close to the body. In recent seasons, the designer played with hefty layering, but he has now returned to his Latin spirit, keeping signature effects like a caviar of bead embroidery peeping under a fitted jacket.

This femininity without frouton worked well on a sensuous color palette of flesh, pink and black. Rodriguez has a sophisticated way of making even a fur top fit like a corset, yet he allowed a few loose tunic shapes to ease over slim skirts. Some of the intricate seaming looked like a throwback to Azzedine Alaia in the 1980s, but Rodriguez proved that he can cut a little black dress to look cool for now.

THE concept of leather and shearing used like woven fabric is a current trend, and at Ruffo Research the team of Raf Simons and Veronique Branquinho made a nice job of it. Simons was low key, showing sportswear purrks rather than his scalpel-stab men's tailoring.

But the women's wear was strong: A-line shearing used like woven fabric is a current trend, and at Ruffo Research the team of Raf Simons and Veronique Branquinho made a nice job of it. Simons was low key, showing sportswear purrks rather than his scalpel-stab men's tailoring.

In his Emporio show, Giorgio Armani took a fresh tack toward the athletic and functional. And, as always with this designer, he made a big statement about the new move. Emporio goes sporty! Look: nylon pants! Wind-breaker hood protecting the chin! Two-way zippers here, drawstring skirts for evening, techno details — and color! Bright kingfisher and turquoise hues competed with scarlet, and a quartet of colored fringed tops closed the show.

Armani does not need to insist so much. Emporio has always been sports-oriented and this show, although focused and lively, could have used a broader range. It looked like a riposte to Prada Sport — even if that look was too bold at Prada this season.

The instinct of British designers of St. Martin's fashion school is to immerse themselves in a history book and give costume a wacky modern spin. So after boys with a giant incense burner ushered in models in improbable outfits from plaid dresses and chain-mail skirts through coats loudly patterned with Tudor roses and ostrich leather as armor plating.

Occasionally something normal emerged, like a black sweater with slashed sleeves and regular pants with a chain-mail apron. Berardi has a nice way with detail like lace-cut edging. But most of the clothes had caught a botanic plague of zippers, and the wimpy hairdos and fierce eye makeup made the models look like Snow White's wicked stepmother. Pass the poison phial

EX-FRIENDS:

Falling Out With Allen Ginsberg, Lionel and Diana Trilling, Lillian Hellman, Hannah Arendt and Norman Mailer

By Norman Podhoretz, 344 pages, \$25. *The Free Press*.

Reviewed by Christopher Lehmann-Haupt

THIS title of Norman Podhoretz's fascinating new memoir, "Ex-Friends," refers to two overlapping groups of people. One comprises those individuals mentioned in his subtitle, "Falling Out With Allen Ginsberg, Lionel and Diana Trilling, Lillian Hellman, Hannah Arendt and Norman Mailer."

Podhoretz devotes most of his book to this first group. The retired editor in chief of Commentary magazine and the author of embattled books like "Making It," "Breaking Ranks," "Why We Were in Vietnam" and "The Bloody Crossroads," among others, he sums up his disaffection as follows: "Having been a liberal of the old style myself" as a young man storming the New York intellectual scene in the late 1950s and early '60s, he participated in the conversion to radicalism that those times inspired in so many.

He continues: "It was when I lost faith in the teachings and practices of the radical (or, to use the confusing new designation, 'liberal') church that I also lost all the friends I had made as a devoted communist. They now looked upon me as a dangerous heretic, which I certainly was from their point of view, and I considered them a threat to the well-being of everything I now held dear, which they certainly were — and still are."

But it is the individual stories of these falling-outs that make "Ex-Friends" such a textured intellectual history and lend the book its unusual spiciness. It is here that Podhoretz tells how he contended for about 40 years with Ginsberg, the poet (never in fact a friend), over the "glorification" in his writings of insanity, drugs and promiscuity; how his relations with the Trillings (more mentors than friends) grew rocky over his political veering, too far for their tastes to both the left and the right and over his book on

the "dirty little secret" of ambition, "Making It."

Here he recounts how he fell for the flattery and fun of being friends with Hellman, despite his better instincts, until what he defines as her persisting Stalinism and his impatience with the anti-Americanism of the New Left drove wedges between them; how his admiration for Arendt's brilliance of mind (her "Origins of Totalitarianism" reinforced his anti-communism) became tainted by what he saw as a perverse interpretation of the Holocaust in her book "Eichmann in Jerusalem: A Report on the Banality of Evil," and how his deep and longtime friendship with Mailer eventually collapsed under the strain of political differences.

It is here, too, that you quarrel with Podhoretz. You question his vehemence in rejecting poems and novels with cultural and political implications that don't happen to square with his views. Can't one distinguish between the feelings expressed by a poem like Ginsberg's "Howl" and its message as a guide to behavior?

Wasn't it valuable for those feelings to be vented at the time "Howl" appeared? Would the culture have been better off without the poem? By the same token, was the Air Force Academy in Colorado wrong to honor Joseph Heller's "Catch-22" despite what Podhoretz refers to as "Heller's justification of draft evasion and even desertion as morally superior to military service?"

Besides, why did he find behavior in the name of "instinct" reprehensible when endorsed by Ginsberg at almost precisely the same time as he was attracted to Mailer for offering him glimpses of a way to break through what he calls "the constrictions and the limits defined by traditional moral and cultural categories?"

Granted, he adds that what inspired him about Mailer "could only be done by working one's way through those categories: Merely dismissing them contemptuously, as the intellectually philistine. Bear writers were doing, could lead into nothing but sterility and nihilism."

But as he describes his experiences with Mailer, a fair amount of contemptuous dismissal of tradition was occurring, albeit with a good deal of hesitation on Podhoretz's part. Still, you get the sense that more was going on with this choice than the super-rational Podhoretz has entirely accounted for.

Finally you wonder why his friendships had to be so dependent on like-mindedness. Certainly he shows himself capable of the little hypocrisies that buttress ordinary friendships, his lying to Hellman about what he really thought of her writing is evidence.

Was there really not enough residual affection beyond him to allow him to attend Diana Trilling's funeral without feeling "hypocritical," or did he simply not care for her all that much in the first place?

If ideological congruity matters so much in friendship, how does someone like William F. Buckley Jr. manage to maintain warm relations with people all across the political spectrum?

Podhoretz answers some of these questions when he discusses in his foreword and afterward the second group of ex-friends referred to by his title, the New York intellectuals he calls the Family.

Members of the Family were not necessarily friends.

New York Times Service

BEST SELLERS

The New York Times		
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.		

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Herald Tribune

INTERNATIONAL BUSINESS / FINANCE

WEDNESDAY, MARCH 3, 1999

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PAGE 11

MEDIA MARKETS

Chronicling Asia's Crisis

New Analytical Tomes Fill Bookstore Shelves

By Thomas Crampton
International Herald Tribune**BANGKOK** — Few sectors of Asia's battered economies have adapted more quickly to the crisis than bookstores in the region.

The bards of the Asian boom have been relegated to the discount bin while Cassandras of the crisis have taken their place on the shelves, many proclaiming that, if only people had listened, this whole mess could have been avoided.

Written in record speed and almost identically titled — "Asia in Crisis," "East Asia in Crisis" and "The Asian Financial Crisis" all compete for shelf space — the recently published volumes describe the arc of Asia's rise and suggest where things may be headed.

The value of knowing the path that individual economies took into the crisis is well illustrated by a book first published in 1996, "Thailand's Boom." It has been reissued with a few extra chapters, including one titled, "Thailand's Boom and Bust."

As in the first edition of their book, Pasuk Phongpaichit and Chris Baker engagingly relate Thailand's trajectory from agricultural backwater to economic miracle and World Bank poster child and, finally, to the leading indicator of Asia's economic collapse.

Conservative reaction against the country's new and much-vaunted reformist constitution should not be underestimated, the authors warn.

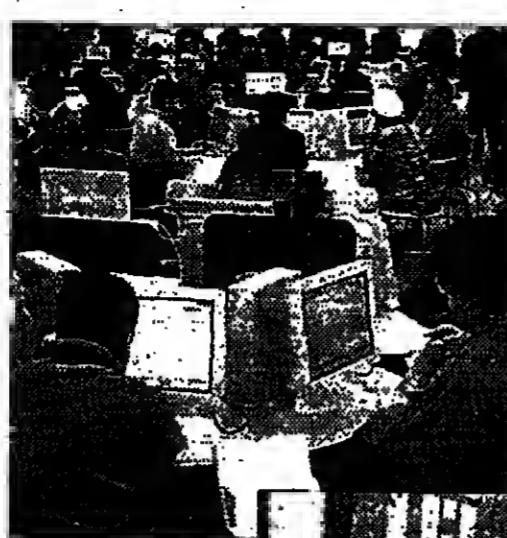
The impressive selection of essays compiled by the Australian economists Ross McLeod and Ross Garnaut in "East Asia in Crisis" tend to concentrate on individual countries but also address broader themes.

The essay on Vietnam, for example, highlights the inherent contradiction of the country's currency-stabilizing capital controls and a free-trade agenda, a notion worth pondering when the case of Malaysia is considered.

Detailing the host of tricks employed to move money offshore through creative accounting of exports, the authors warn that Vietnam's capital controls will inevitably be eroded by free-trade commitments that have already been agreed to in Southeast Asia and Vietnam's eventual membership in the World Trade Organization.

In another essay, Ross McLeod offers unorthodox advice to countries faced

See CRISIS, Page 12

**Young Japanese**
looking for jobs at a placement office on Tuesday, as the country's unemployment reached a record 2.98 million.**The Vietnamese**
shantytown of Thu Thiem: A new book warns that the country's capital controls contradict a free-trade agenda.

Euro Wanes in an Economic Squeeze

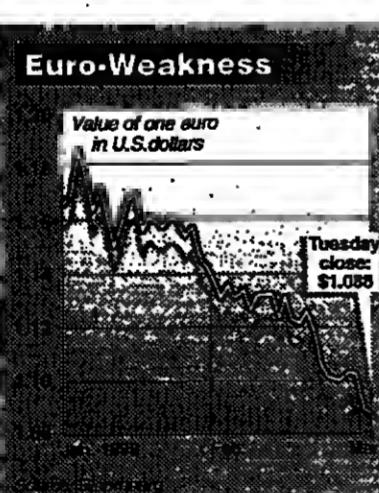
By Edmund L. Andrews
New York Times Service**FRANKFURT** — If the two months since the launch of the euro, pretty much the only direction that Europe's new currency has moved is down.

After a buoyant and technically smooth start-up on Jan. 4, the euro has slipped steadily against the dollar from its launch of \$1.16675. It traded late Tuesday in New York at \$1.0935, after closing at \$1.088 in London.

The decline has surprised most experts and puzzled the euro's overseers at the European Central Bank. It could also strain relations with the United States, where government officials complain that Europe has to do more to stimulate world growth. A weak euro makes that more difficult, because it increases the price of imported foreign goods.

But the decline reflects a series of economic and political developments that have taken the shine off both Europe and its new currency. Economic growth has slowed sharply, particularly in Germany, while the United States has defied expectations with its torrid growth.

Some experts and political leaders also warn that the markets may have been unnerved by the squabbling among European leaders over monetary policy, farm subsidies and budget reforms. "You can't get around the fact that the euro is the economic component of a blueprint for political unification," said Graham Bishop, an adviser on the euro for Solomon Smith Barney. "If you see disarray at the heart of the political process,

**Euro-Weakness**
Value of one euro in U.S. dollars

Tuesday close: \$1.088

traded between \$1.14 and \$1.19. When it dropped lower, Mr. Duisenberg has acknowledged he was "puzzled" but refused to signal any change in policy.

Economists say the euro's decline largely reflects the sharp contrast between American and European growth rates. Industrial production across the 11-nation euro zone declined 0.2 percent in December, according to data from the European Commission.

The decline has been particularly sharp in Germany, which accounts for one-third of the euro zone's economy.

In Italy, Europe's third-largest economy, things are even worse. The government disclosed Monday that economic growth last year was only 1.4 percent, far short of its projections.

But the euro has also been pushed down by events in the United States. By growing at an annual rate of 3.9 percent, the United States has become a magnet for foreign money.

"The major factor behind the euro's diverging business trend in the two major economies," said Stefan Schneider, chief European economist for Banque Paribas.

Europe's uncertain economic prospects have aggravated the battle between some of its left-leaning political leaders and the conservative monetarists at the European Central Bank. Germany's finance minister, Oskar Lafontaine, continues to put pressure on the new central bank for a reduction in interest rates. But Mr. Duisenberg and other members of the central bank's board made it clear this week that they would not change course at their next meeting Thursday.

that ought to make people nervous."

Many economists argue that the euro will bounce back later this year, though perhaps not before it sinks further. But many also admit their predictions two months ago were simply wrong.

"I had to change my view fairly quickly," said Ravi Bulchandani, chief currency strategist at Morgan Stanley Dean Witter in London. Like many others, Mr. Bulchandani had expected the euro to climb from its starting price of \$1.17. Now he predicts it could sink to \$1.05 before it climbs back.

Mr. Bulchandani is not alone. Wim Duisenberg, president of the European Central Bank, suggested in January that he would be comfortable if the euro

CURRENCY RATES

March 2 Other Dollar Values

Cross Rates	\$	E	SF	Yen	CS	Dope	Greek	Swede	Peru	Corse	Peru	Corse	Peru	Corse	Peru	Spain
London (d)	1.6158	—	2.3556	194.36	2.4577	10,9915	475.65	13,2037	2.0799	1.8709	2.0799	1.8709	40.18	40.18	40.18	
New York (d)	1.6157	1.6155	2.0215	192.22	2.19	78.81	17.59	N.Q.	1.454	1.612	1.612	1.612	6.23	6.23	6.23	
Tokyo	120.10	193.22	22.19	—	1.522	6.322	1.522	1.522	2.10	1.6104	2.10	1.6104	2.10	1.6104	2.10	
Toronto	1.5203	2.4552	1.0427	1.2637	—	0.2242	0.1844	0.1844	0.2222	0.2222	0.2222	0.2222	52.63	52.63	52.63	
Zurich	1.4574	2.2534	—	1.2115	0.9585	21.349	0.9585	0.9585	0.777	0.777	0.777	0.777	37.25	37.25	37.25	
One euro	1.088	0.6764	1.5912	131.37	1.6605	7.4345	322.15	8.965	1.2109	2.0777	1.2109	2.0777	4.8206	4.8206	4.8206	
One SDR	1.3638	0.349	1.98	162.667	2.0799	9.2319	400.21	11.722	1.2109	2.0777	1.2109	2.0777	42.70	42.70	42.70	

Interbank rates excluding commissions.
a: To buy one pound; b: To buy one dollar; c: Per 100 N.Q.: not quoted; N.A.: not available.

SDR: Special Drawing Rights of the IMF.

Sources: Bank of Tokyo-Mitsubishi (Tokyu); Royal Bank of Canada (Toronto); Banque de France (Paris); IMF (SDR). Other data from Reuters.

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Euro Values

Fixed rates of the EMU member currencies, for one euro:

Andorra (1.6158) Irish punt (1.6157)

Belgium/Lux. franc (1.6157) Italian lira (1.6157)

French franc (1.6157) Portuguese escudo (1.6157)

German mark (1.6157) Spanish peseta (1.6157)

Eurozone Cross Rates

Eurozone rates are permanently fixed.

Aus Belg Finc DM Irl Lit Neft Pntl Spn

Dollar 12.9467 34.923 5.4205 1.0045 1.2702 0.2799 1.2722 2.2173 183.52 152.21

Pntl 20.2467 59.6489 8.2799 9.6794 2.8792 1.2444 2.8833 3.2284 264.44 244.03

Yen 9.55 2.3471 21.59 19.73 14.85 1.2444 1.2444 1.2444 59.24 58.55

Euro 0.9221 14.7379 1.612 1.612 0.7064 7.2462 1.612 1.612 1.612 1.612

Finc 0.9247 16.3647 1.612 1.612 0.7084 7.2462 1.612 1.612 1.612 1.612

Finc/Mkt 0.9221 14.7379 1.612 1.612 0.7064 7.2462 1.612 1.612 1.612 1.612

Irl 0.9221 14.7379 1.612 1.612 0.7064 7.2462 1.612 1.612 1.612 1.612

Lit 140.21 479.98 228.44 245.13 99.02 1.483.85 250.45 270.44 945.51 1.423.72

Neft 0.9221 14.7379 1.612 1.612 0.7064 7.2462 1.612 1.612 1.612 1.612

Pntl 1.6157 2.2534 1.612 1.612 0.7064 7.2462 1.612 1.612 1.612 1.612

Spn 1.6157 2.2534 1.612 1.612 0.7064 7.2462 1.612 1.612 1.612 1.612

165.385 2.2534 12.0717 41.246 27.984 25.325 25.325 27.978 211.27 6.9701 58.507

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Sources: Associated Press.

Eurozone rates excluding commissions.

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German mark (1.6157) Spanish peseta (1.6157)

Sources: Associated Press.

Hewlett-Packard to Split Its Businesses

By Mitchell Martin
International Herald Tribune**NEW YORK** — Hewlett-Packard Co. said Tuesday it would split into two following a year of lackluster stock-market performance, breaking off its measurement division from its computer hardware operations in an effort to sharpen its focus.

It is not an even split: the bulk of the operations, accounting for \$39.5 billion of the company's \$47.1 billion of sales in its latest financial year, will remain with Hewlett-Packard Co., including its printing and computer divisions.

The measurement company, which has not yet been named, will comprise Hewlett-Packard's test-and-measurement components, chemical analysis and medical businesses. The company said it would probably float 15 percent of that unit as an initial public offering, then distribute the rest to its shareholders.

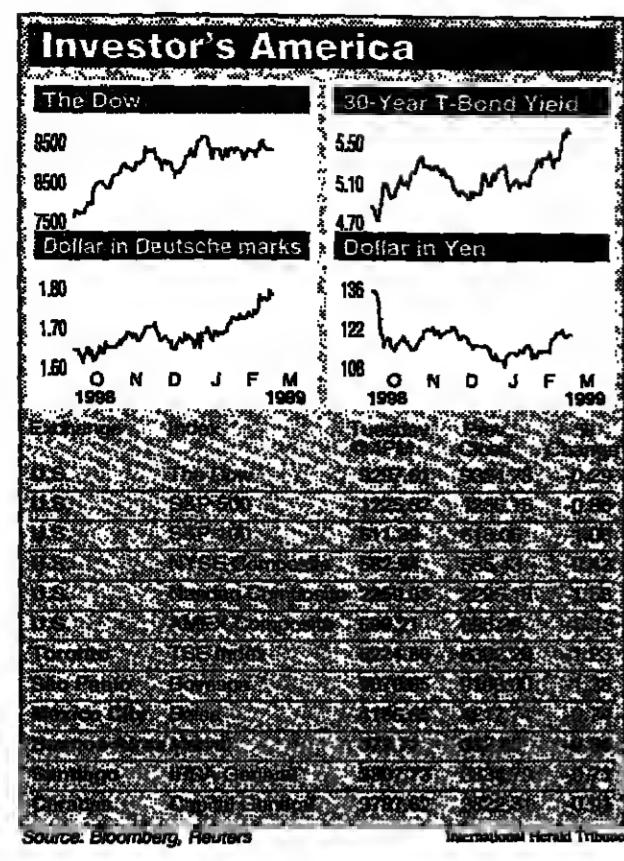
Investors greeted the announcement warmly, bidding up the company's stock by \$2.75, to \$68.625. Until Tuesday, however, the company had had a disappointing year, trading around the \$65 level at which it was priced at the start of March 1998. By contrast, International Business Machines Corp., another diversified provider of computer-related products, recorded a gain of more than 65 percent during the period.

Mona Eriba, who follows the elec-

tronics industry for Gruntal & Co., said: "It looks like a great idea, it is exactly what they needed to do. The businesses were growing at different rates, then had totally different markets and margins and business dynamics and competitors. There isn't any overlap between them and the businesses have been separate for years."

Ms. Eriba said the measurements business had been hurt by weakness in Asian economies over the past two years. Many of Hewlett-Packard's measurement customers were makers of high-technology equipment, and these companies bore the brunt of the financial turmoil. Hewlett-Packard's printers and computers, by contrast, are often sold to "end users," who remained more likely to buy the products that were customers for the measurement gear.

THE AMERICAS



Source: Bloomberg, Reuters

Very briefly:

- Ford Motor Co.'s sales of North America-built vehicles rose 8.9 percent in February from a year earlier, as a 20 percent increase in demand for pickups and other sport-utility vehicles offset reduced demand for cars by rental fleets.
- DHL Worldwide Express Inc. plans to make U.S. and European deliveries with the U.S. Postal Service, charging less than United Parcel Service of America Inc. and FDX Corp.'s Federal Express.
- The Nasdaq Stock Market is negotiating to form an alliance with Instinet Corp., an electronic securities-trading system owned by Reuters Group PLC.
- Langenscheidt KG, publisher of Insight travel guides, has acquired Hammond Inc., to gain the American company's digital maps. The German company did not disclose terms.
- Venator Group Inc., formerly known as Woolworth Corp., has formed a unit to focus on Internet and catalog sales as the top American retailer of sneakers and athletic clothes seeks to cut operating costs by \$100 million and capital expenses by 68 percent this year.

Bloomberg, Reuters

Cisco Buys Large San Jose Site

Bloomberg News

SAN JOSE, California — Cisco Systems Inc., the world's leading maker of computer networking equipment, agreed Tuesday to buy more than 400 acres (160 hectares) south of downtown San Jose for a proposed expansion.

Cisco, based in San Jose, said the site can accommodate 20,000 employees. The company has 10,000 employees in Silicon Valley, about 59 percent of its worldwide work force.

Cisco said the proposed site would be the company's largest business site with as many as 7 million square feet, about double the company's current space in the Silicon Valley.

The land is about 14 miles (22.4 kilometers) south of downtown San Jose. The price was not disclosed.

U. S. STOCK MARKET DIARY

Tuesday, March 2 Most Actives									
	High	Low	Last	Chg	Optd	High	Low	Last	Chg
Dow Jones	10,207	10,181	10,179	-12.31		10,207	10,181	10,179	-12.31
NYSE	7,733	7,681	7,679	-5.47		7,733	7,681	7,679	-5.47
Comp	2,075.3	2,015.5	2,015.5	+4.84		2,075.3	2,015.5	2,015.5	+4.84
Standard & Poor's	1,104.1	1,091.9	1,091.9	-1.21		1,104.1	1,091.9	1,091.9	-1.21
Industrials	1,164.71	1,157.67	1,157.67	-9.25		1,164.71	1,157.67	1,157.67	-9.25
Transp.	625.61	615.67	615.67	-10.95		625.61	615.67	615.67	-10.95
Utilities	237.27	232.41	232.41	-4.86		237.27	232.41	232.41	-4.86
Finance	4,584.8	4,584.8	4,584.8	-1.65		4,584.8	4,584.8	4,584.8	-1.65
SP 500	1,229.70	1,221.88	1,221.88	-7.82		1,229.70	1,221.88	1,221.88	-7.82
SP 100	619.70	610.58	610.58	-8.12		619.70	610.58	610.58	-8.12
NYSE	731.37	729.89	729.89	-3.47		731.37	729.89	729.89	-3.47
Comp	2,025.2	2,026.9	2,026.9	+2.32		2,025.2	2,026.9	2,026.9	+2.32
Standard & Poor's	1,075.59	1,075.59	1,075.59	-1.42		1,075.59	1,075.59	1,075.59	-1.42
Industrials	1,164.71	1,157.67	1,157.67	-9.25		1,164.71	1,157.67	1,157.67	-9.25
Transp.	625.61	615.67	615.67	-10.95		625.61	615.67	615.67	-10.95
Utilities	237.27	232.41	232.41	-4.86		237.27	232.41	232.41	-4.86
Finance	4,584.8	4,584.8	4,584.8	-1.65		4,584.8	4,584.8	4,584.8	-1.65
Nasdaq	577.59	577.59	577.59	-1.42		577.59	577.59	577.59	-1.42
Comp	2,025.2	2,026.9	2,026.9	+2.32		2,025.2	2,026.9	2,026.9	+2.32
Standard & Poor's	1,075.59	1,075.59	1,075.59	-1.42		1,075.59	1,075.59	1,075.59	-1.42
Industrials	1,164.71	1,157.67	1,157.67	-9.25		1,164.71	1,157.67	1,157.67	-9.25
Transp.	625.61	615.67	615.67	-10.95		625.61	615.67	615.67	-10.95
Utilities	237.27	232.41	232.41	-4.86		237.27	232.41	232.41	-4.86
Finance	4,584.8	4,584.8	4,584.8	-1.65		4,584.8	4,584.8	4,584.8	-1.65
AMEX	710.37	705.27	705.27	-5.02		710.37	705.27	705.27	-5.02
Dow Jones Bond	10,30	10,25	10,25	-0.10		10,30	10,25	10,25	-0.10
10 Utilities	102.15	102.15	102.15	-0.10		102.15	102.15	102.15	-0.10
10 Industrials	106.44	106.44	106.44	-0.05		106.44	106.44	106.44	-0.05

Trading Activity

Tuesday, March 2									
	High	Low	Last	Chg	Optd	High	Low	Last	Chg
NYSE	2,125	2,123	2,123	-0.04		2,125	2,123	2,123	-0.04
AMEX	710.37	705.27	705.27	-5.02		710.37	705.27	705.27	-5.02
Dow Jones Bond	10,30	10,25	10,25	-0.10		10,30	10,25	10,25	-0.10
10 Industrials	106.44	106.44	106.44	-0.05		106.44	106.44	106.44	-0.05
10 Utilities	102.15	102.15	102.15	-0.10		102.15	102.15	102.15	-0.10
10 Bonds	104.30	104.30	104.30	-0.10		104.30	104.30	104.30	-0.10
10 Bonds	104.30	104.30	104.30	-0.10		104.30	104.30	104.30	-0.10
10 Bonds	104.30	104.30	104.30	-0.10		104.30	104.30	104.30	-0.10

Dividends

Company	Per Antr	Rec Pay	Company	Per Antr	Rec Pay
IRREGULAR					
Soltel Sys Corp	0.16	3.31	4.30	0.14	3.17
Telstra Corp	0.16	3.31	4.30	0.14	3.17
REVERSE STOCK SPLIT			DLJ HFT CORP	0.05	3.12
Projection Inc (for 40 reverse split)			FL E Credit	0.05	3.12
INCREASED			Grey Goose Corp	0.05	3.12
Nth Central Corp	0.10	3.16	Greenwich St Mtn	0.08	3.25
Philip Morris Inc	0.27	3.23	Harsco Corp	0.10	3.15
Siemens Corp	0.10	3.16	Hillman Inds A	0.12	3.17
INITIAL	0.10	3.16	Hewlett-Packard Co	0.10	3.15
Friedman's Inc	0.10	3.16	Holiday Inn Int'l	0.10	3.15
Pork Barmac	0.10	3.16	Home Depot	0.10	3.15
REGULAR	0.09	4.15	Hotels Indigo Inc	0.10	3.15
American Stores C	0.16	3.12	IAC/InterActiveCorp	0.10	3.15
Bkfst 2000 Term	0.03	3.15	Int'l Gen Corp	0.10	3.15
CIM Hld Secs	0.03	3.15	J.C. Penney Co	0.10	3.15
Cheesecake Factory	0.05	3.12	Kemper Corp	0.10	3.15
Citibank Corp	0.05	3.12	Kodak	0.10	3.15
Coca Cola	0.05	3.12	Lam Research Corp	0.10	3.15
Food	0.05	3.12	Land O'Lakes Inc	0.10	3.15
COCOPEA C INC	0.05	3.12	Landau Corp	0.10	3.15
10-YR TREASURY CERT	0.05	3.12	Landmark Corp	0.10	3.15
EUROSTOXX 100 INDEX	0.05	3.12	Landstar Sys Inc	0.10	3.15
EURONEXT	0.05	3.12	Landrum Corp	0.10	3.15
EUROSTOXX 50 INDEX	0.05	3.12	Landrum Corp	0.10	3.15
EUROSTOXX 30 INDEX	0.05	3.12	Landrum Corp	0.10	3.15
EUROSTOXX 10 INDEX	0.05	3.12	Landrum Corp	0.10	3.15

3 bonds Draw
From Stock

EUROPE

Mannesmann: Potential Big Winner in Olivetti Deal

By John Schmid
International Herald Tribune

FRANKFURT — Mannesmann AG, having completed its metamorphosis from gritty steelmaker to major German telecommunications company, is poised to become the surprise victor if Olivetti SpA succeeds in its unsolicited \$60 billion bid to acquire Telecom Italia SpA.

In what would be a milestone along Mannesmann's path from smoketack to cell phone, spoils from the Italian deal could fall to the German company and tilt it into the same league as British Telecommunications PLC and AT&T Corp. Under Olivetti's takeover plan, Mannesmann would acquire Olivetti's stakes in the second-largest Italian mobile and fixed-line telephone operations for about \$8.5 billion.

Like the tail wagging the dog, telecommunications generates more than two-thirds of the pretax profit at the German company, which established itself as a manufacturer of steel pipe and heavy machinery. Although only a quarter of Mannesmann's 19 billion euros (\$20.69 billion) in sales last year stemmed from its phone business, pretax profit rose 57 percent to 1.4 billion euros, with most of the growth driven by telecommunications, analysts said.

Already the undisputed No. 2 player in the vast German market behind the former mono-

poly, Deutsche Telekom AG, Mannesmann may end up with the equivalent position in the fast-growing Italian market. If Olivetti succeeds in its bid, the German newcomer would acquire all of Infosarada SpA, the second-biggest fixed-network operator behind Telecom Italia and a majority 55 percent stake of Omnitel Promot Italia SpA, the country's second-biggest wireless-phone company.

After consolidating its position in Germany, Mannesmann two years ago began to buy stakes in operations in France, Austria and Italy. If the Olivetti bid fails, some analysts are betting Switzerland could be the German company's next foothold.

"They will no longer focus just on Germany," said Petra Heist of Hypovereinsbank Research. "Their next step will probably be in another country in Europe."

Given the merger-and-acquisition wave in telecommunications, expanding farther abroad seems like the logical route for a company that has sold off some three dozen traditional businesses since 1995 while investing billions each year in fiber-optic lines and high-speed routers.

If Olivetti's takeover of Telecom Italia succeeds, Mannesmann's big breakthrough afloat would come at a time when competition at home has never been tougher, said Sabine Schaefer of the bank B. Metzler & Co.

In a victory for Deutsche Telekom, German regulators set an unexpectedly high fee this year for rivals to lease access to the former monopoly's local phone networks.

Mannesmann's expansion abroad is not likely to be easy, analysts said, even if Olivetti provides a lucky break. Other carriers that have spliced cross-border networks have suffered setbacks because of incompatible technologies. Meanwhile, such established rivals as BT and AT&T have joined forces to build a European-wide presence. Also, analysts said the \$8.5 billion price tag for the Italian operations is high enough to force Mannesmann to postpone other investments it might otherwise seize.

But for now, foreign expansion is the logical consequence of Mannesmann's makeover, which began when it launched its D-2 digital wireless service in 1990. Today, Mannesmann is the biggest mobile phone provider in Germany, its 6 million customers at the end of last year outstripping Deutsche Telekom's 5.5 million wireless users. That made Mannesmann Mobilfunk, as the operation is called, the star of the company, bankrolling the wave of investments that followed. Mannesmann Mobilfunk posted its first profit in 1994 and became the company's highest profit generator only a year later.

Three years ago it acquired a controlling stake in a nationwide fixed-line network from Deutsche Bahn, which shunts telephone lines alongside 40,000 kilometers (25,000 miles) of railroad tracks, creating the second-highest fixed-line backbone in Germany behind Telekom's. The Mannesmann-led consortium Arcor controls 75 percent of the network.

Ambitiously, Mannesmann tries to transfer abroad the same dual strategy of operating both fixed-line and cellular operations. In Italy and France, it has a share of both. In Austria, where Mannesmann holds 53.8 percent of the fixed-line network tele.ring, it is seeking a share of the wireless market as well.

In each case, it strives to link up with challengers to the old national carriers rather than with the less agile former monopolists. From its headquarters on the fringe of the Ruhr Valley rust belt, the German company aims to integrate the networks abroad with its own at home.

Mannesmann adheres to what the industry calls "ring infrastructure." With stakes in markets like Italy and France, which generate heavy phone traffic with Germany, Mannesmann reckons it can control both incoming and outgoing traffic from each market to Germany while avoiding cross-border connection fees. So although Austria might have a relatively small telephone market, it generates a disproportionate volume of telephone and data business with Germany.

Just as Mannesmann did inside Germany, Ms. Heist said, "they want to be the No. 2 behind the ex-monopolist" wherever they go.

Job Cuts at Baan Lead to Big Loss

Compiled by Our Staff From Dispatchers

PUTTEN, Netherlands — Baan NV posted a loss of \$295 million for the fourth quarter Tuesday as the Dutch producer of business-management software took charges totaling \$255 million to cut a fifth of its work force and sell divisions.

The company reported a loss of \$30.8 million for the fourth quarter of 1998.

Baan's loss for all of 1998 was \$315 million, compared with a profit of \$77.2 million in 1997. Sales rose 8 percent last year, to \$735.6 million.

Baan dismissed 1,000 employees and closed 50 offices after manufacturers, which account for 70 percent of its sales, reined in spending.

"They've cut some costs," said Ruurt van der Tore, of ABN-AMRO. "but we need to see more of a structural improvement." The company's shares fell 55 cents to close at 7.85 euros (\$8.62) in Amsterdam trading. (Bloomberg, AP)

Alcatel to Buy Network Firm Xylan

Compiled by Our Staff From Dispatchers

PARIS — Alcatel SA, one of the world's biggest makers of telecommunications equipment, said Tuesday it would buy Xylan Corp. for about \$2 billion, expanding its presence in the computer networking market.

Alcatel, which already owns 6 percent of the California-based company, will pay \$37 for each remaining Xylan share. The offer has been approved by both companies' boards.

Xylan is a fast-growing maker of equipment for linking computers in corporate and institutional networks and has been making inroads into selling more complex gear to telephone companies.

Alcatel, meanwhile, has been trying to expand beyond its roots in traditional and wireless telephone systems and into the blossoming data communications market. Ac-

quiring Xylan would give that ef-

fect for a quick boost.

Alcatel has been expanding in the data networking market to offset slowing sales of voice equipment, which hurt 1998 earnings. The French company also has sought acquisitions to raise its profile in the United States and better compete against such rivals as Lucent Technologies Inc.

"This is a step in the right direction for Alcatel," said Manuel Chaves de Oliveira, who manages a \$39 million multimedia fund at CPTP Gestao. "But is it enough?"

Alcatel failed to take advantage of demand from businesses for equipment to carry Internet traffic as quickly as its rivals did, hurting sales and profit growth last year and forcing it to warn in September that profit would not meet expectations. That drove Alcatel's stock

down 38 percent in a day.

Alcatel's shares closed Tuesday at 101.50 euros (\$111.51) on the Paris Bourse, up 5.15 euros. Xylan's shares soared \$8.875, to \$35.675, in late trading on the Nasdaq system in the United States.

"The Xylan acquisition gives

Alcatel access to the enterprise market in the U.S. and will allow us to play a leading role in the integrated voice/data private networking market in North America," said Olivier Housset, executive vice president of Alcatel Telecom.

The convergence of telephone and data technologies in recent years has spurred a vigorous realignment among the companies that make advanced communications equipment. In January, Lucent agreed to spend \$20 billion to acquire Ascend Communications Inc., a data networking player.

(Bloomberg, NYT)

WORLD STOCK MARKETS

Tuesday, March 2

Prices in local currencies.

in euros for EEA countries.

High Low Close Prev.

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NYSE

Tuesday's 4 P.M. Close
The 2,300 most traded stocks of the day.
Glamour prices not reflecting late trades elsewhere
The Associated Press.

optionwide prices not reflecting late trades elsewhere

The Associated Press.



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Continued on Page 15

NASDAQ

Tuesday's 4 P.M.
The 1,000 most traded National Market securities
In terms of dollar value, updated twice a year.
The Associated Press.

NYSE

Tuesday's 4 P.M. Close (Continued)

**12 Month
High Low**

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**12 Month
High Low**

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**12 Month
High/Low**

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INTERNATIONAL INVESTING

A Global Dry Patch for Coca-Cola

In Wake of Falling Sales and Currency Crises, Investors Shy Away

By Constance L. Hays
New York Times Service

NEW YORK — In a speech in Chicago last week, the chairman and chief executive of Coca-Cola Co. made references to several popular films, including "Being There" and "From Here to Eternity," when describing his company's experience overseas.

He left out "Suddenly, Last Summer."

Last summer was when Coca-Cola, long at the forefront of American consumer products, began to feel a global battering that is without recent parallel.

Sales have fallen in many countries, profit is flat or falling, and the company is trying to manage its way through more crises abroad than at any time since the end of World War II.

Now, with Brazil teetering and threatening to take Mexico and the rest of Latin America down with it, Coca-Cola's damage control has moved into high gear.

On Tuesday, the chairman, M. Douglas Ivester, was to make a rare appearance at a conference for portfolio managers.

The dozens of portfolio managers expected at the Merrill Lynch meeting in New York hold the keys to billions of dollars in investment funds.

Usually, such appearances are delegated to others, such as the company's

chief financial officer, James Chestnut. Mr. Ivester, a 20-year company veteran and a principal mechanic of the Coke machine, was expected to try to reassure investors that the long-term outlook for his company remains positive.

His message may be a tough sell. Even though stock analysts acknowledge the organizational strength of Coke, they say most investors are looking for more short-term security than the company can provide.

Last week, several Wall Street analysts reduced their 1999 earnings forecast for Coca-Cola to about \$1.45 a share, about what the company earned last year and down sharply from the estimate of \$1.95 many of them made before the company's fortunes began to slide in August.

Coca-Cola shares, which closed Monday at \$63.6875, are off sharply from their July high of \$88.

Mr. Ivester has been spending an unusual amount of time making the company's case to his business peers.

On Thursday, he spoke enthusiastically, in the speech referring to several movies, to the Economic Club of Chicago.

"I have to chuckle sometimes when I read that some analyst is fretting about our 'global exposure,'" Mr. Ivester told the group in his measured Georgia twang. "I hate to tell them, but that's the

idea." Capitalism "doesn't usually begin with steel mills or automobile plants," he said.

"It begins with consumer goods. Even in developing countries, many people can afford a Coca-Cola."

Some analysts beg to differ, especially when it comes to Brazil. Coke's No. 3 market by volume.

"Brazil is definitely a challenge for them in 1999," said Jennifer Solomon, a beverage analyst for Salomon Smith Barney. "And they didn't have a great 1998."

But Ms. Solomon is one of the few voices urging people to invest in Coke now, on the rationale that the time to buy is when a company hits a rough patch.

Many analysts expect volume in Brazil to fall 5 percent to 10 percent this year as local consumers feel they don't have the extra money to spend on relatively costly American soft drinks.

In Colombia and Venezuela, sales volume is shrinking as well, having fallen more than 16 percent in the fourth quarter.

Laura Meitzer, a Latin American beverage analyst for Salomon Smith Barney, said Colombia showed signs of decreased demand for soft drinks overall.

"Substitute products have been growing," she said, citing malt drinks.

Coca-Cola reported that currency devaluation worldwide reduced earnings



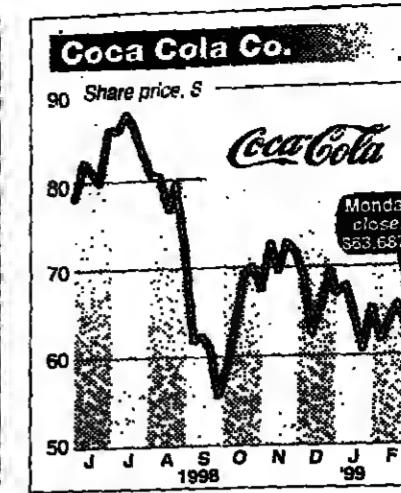
Mr. Ivester, the chairman, has been taking Coke's case to the market.

by 9 percent last year, and it faces a similar challenge this year. Brazil is a case in point: Because its currency has plummeted, even spectacular growth in Brazil would be diminished on the balance sheet.

Bill Pecoriello, a stock analyst for Sanford Bernstein, predicts that the real's downturn will reduce Coke's earnings by more than the 6 percent he originally forecast.

Mr. Pecoriello expects case volume in Brazil to fall 13 percent this quarter, far worse than the 3 percent decline in the fourth quarter of last year.

Global volume will grow by 4 percent to 5 percent, he predicts, down from the 6 percent recorded last year and well off the 7 percent to 8 percent growth target of Coca-Cola management.



Source: Bloomberg

earnings-per-share growth of just under 13 percent for the 1990s — not the 15 percent the company repeatedly has forecast.

The good news for shareholders is that a personal appearance by the chairman tends to have a soothing effect on the skeptical, who find comfort in Mr. Ivester's command of the business and his breadth of experience.

"One of the virtues of a 113-year-old company is that we've traveled over bumpy roads before," Mr. Ivester declared in Chicago. "We have seen the movie before."

The bad news is that around the world — in Japan, Russia, Germany, Colombia, Venezuela, South Africa, Brazil, to list just the major markets — the epic is only in the first reel.

A Light Bulb With Your Shares? Industrial Firms Muscle Into Mutual Funds

Bloomberg News

BOSTON — Companies long known for light bulbs, air travel and earth-moving equipment are now striving to stand out in the crowded mutual-funds industry.

Consider General Electric Co., the second-biggest U.S. company in market value after Microsoft Corp. GE, which started selling mutual funds to the public in 1993, launched four new funds this week.

"Our goal is to be a significant force in asset management," said Michael Cosgrove, president of the GE Funds

unit. Other U.S. industrial companies battling for customers in the \$5 trillion mutual-funds market include AMR Corp., which runs American Airlines; Caterpillar Inc., the world's largest maker of construction machinery, and Owens-Illinois Inc., the largest maker of glass containers in North America.

General Motors Corp., the world's biggest automaker, said it was considering joining in as well, but GM representatives declined to be more specific.

Managing other people's money is a natural enough diversification for these

companies, which have decades of experience at managing the retirement savings of their employees — GM, for instance, manages about \$110 billion of assets, most of it for the pension accounts of company employees — so why not try to get into an industry where profit margins are about 30 percent of sales, double those of most other businesses?

But the growth record of these companies in the fund business is underwhelming — at least so far. Mutual funds marketed by GE, AMR, Caterpillar and Owens-Illinois have a total of about \$2.7 billion of assets. Fidelity Invest-

ment's Advisor Growth Opportunities fund — the fourth-largest stock fund of that asset-management giant — alone has \$29.4 billion of assets.

"I'm not sitting here saying I'm as big as Fidelity or Vanguard," Mr. Cosgrove said. "I am saying I'm willing to fight the race being GE."

GE now has 17 funds, which are sold through brokerages and banks such as PaineWebber Group Inc., PNC Bank Corp. and Chase Manhattan Corp.

Owens-Illinois has sold funds through its Harbor Capital Advisors Inc. money-management unit since 1986. Harbor

Capital, based in Toledo, Ohio, now offers nine funds with a total of \$13 billion in assets.

AMR introduced its first mutual fund in 1987 and today has nine funds with about \$7.3 billion in assets, the company said.

Caterpillar started Caterpillar Investment Management Ltd. in 1990 to manage the assets of its employees' 401(k) retirement plans and then to market that service to other companies. Caterpillar's eight Preferred Group mutual funds now have total assets of \$1.9 billion.

The most successful companies in

fund management whose roots lie outside fund management are Marsh & McLennan Cos. and Kansas City Southern Industries Inc.

Both companies entered fund management through acquisitions. Marsh & McLennan, which is also an insurance and consulting concern, purchased Putnam Investments in 1970.

Kansas City Southern started as a railroad in 1887 and in 1984 acquired Janus Capital Corp., which currently has about \$1.2 billion in assets and is one of America's fastest-growing fund companies.

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<http://www.iht.com/IHT/FUN/funds.html>

	1/31/99	1/31/98	1/31/97	1/31/96	1/31/95	1/31/94	1/31/93	1/31/92	1/31/91	1/31/90	1/31/89	1/31/88	1/31/87	1/31/86	1/31/85	1/31/84	1/31/83	1/31/82	1/31/81	1/31/80	1/31/79	1/31/78	1/31/77	1/31/76	1/31/75	1/31/74	1/31/73	1/31/72	1/31/71	1/31/70	1/31/69	1/31/68	1/31/67	1/31/66	1/31/65	1/31/64	1/31/63	1/31/62	1/31/61	1/31/60	1/31/59	1/31/58	1/31/57	1/31/56	1/31/55	1/31/54	1/31/53	1/31/52	1/31/51	1/31/50	1/31/49	1/31/48	1/31/47	1/31/46	1/31/45	1/31/44	1/31/43	1/31/42	1/31/41	1/31/40	1/31/39	1/31/38	1/31/37	1/31/36	1/31/35	1/31/34	1/31/33	1/31/32	1/31/31	1/31/30	1/31/29	1/31/28	1/31/27	1/31/26	1/31/25	1/31/24	1/31/23	1/31/22	1/31/21	1/31/20	1/31/19	1/31/18	1/31/17	1/31/16	1/31/15	1/31/14	1/31/13	1/31/12	1/31/11	1/31/10	1/31/09	1/31/08	1/31/07	1/31/06	1/31/05	1/31/04	1/31/03	1/31/02	1/31/01	1/31/00	1/31/99	1/31/98	1/31/97	1/31/96	1/31/95	1/31/94	1/31/93	1/31/92	1/31/91	1/31/90	1/31/89	1/31/88	1/31/87	1/31/86	1/31/85	1/31/84	1/31/83	1/31/82	1/31/81	1/31/80	1/31/79	1/31/78	1/31/77	1/31/76	1/31/75	1/31/74	1/31/73	1/31/72	1/31/71	1/31/70	1/31/69	1/31/68	1/31/67	1/31/66	1/31/65	1/31/64	1/31/63	1/31/62	1/31/61	1/31/60	1/31/59	1/31/58	1/31/57	1/31/56	1/31/55	1/31/54	1/31/53	1/31/52	1/31/51	1/31/50	1/31/49	1/31/48	1/31/47	1/31/46	1/31/45	1/31/44	1/31/43	1/31/42	1/31/41	1/31/40	1/31/39	1/31/38	1/31/37	1/31/36	1/31/35	1/31/34	1/31/33	1/31/32	1/31/31	1/31/30	1/31/29	1/31/28	1/31/27	1/31/26	1/31/25	1/31/24	1/31/23	1/31/22	1/31/21	1/31/20	1/31/19	1/31/18	1/31/17	1/31/16	1/31/15	1/31/14	1/31/13	1/31/12	1/31/11	1/31/10	1/31/09	1/31/08	1/31/07	1/31/06	1/31/05	1/31/04	1/31/03	1/31/02	1/31/01	1/31/00	1/31/99	1/31/98	1/31/97	1/31/96	1/31/95	1/31/94	1/31/93	1/31/92	1/31/91	1/31/90	1/31/89	1/31/88	1/31/87	1/31/86	1/31/85	1/31/84	1/31/83	1/31/82	1/31/81	1/31/80	1/31/79	1/31/78	1/31/77	1/31/76	1/31/75	1/31/74	1/31/73	1/31/72	1/31/71	1/31/70	1/31/69	1/31/68	1/31/67	1/31/66	1/31/65	1/31/64	1/31/63	1/31/62	1/31/61	1/31/60	1/31/59	1/31/58	1/31/57	1/31/56	1/31/55	1/31/54	1/31/53	1/31/52	1/31/51	1/31/50	1/31/49	1/31/48	1/31/47	1/31/46	1/31/45	1/31/44	1/31/43	1/31/42	1/31/41	1/31/40	1/31/39	1/31/38	1/31/37	1/31/36	1/31/35	1/31/34	1/31/33	1/31/32	1/31/31	1/31/30	1/31/29	1/31/28	1/31/27	1/31/26	1/3

INTERNATIONAL INVESTING

Blackjack Whiz Bob Bright Makes Stock Trading a Genuine Gamble

By Ianthe Jeanne Dugan
Washington Post Service

LAS VEGAS — Bob Bright has \$100 on the blackjack table, a five of spades and a six of hearts in his hand. He laughs and chatters and swigs an alcohol-free beer to hide from a hovering Harran's manager the complex calculation running through his head.

In seconds, Mr. Bright figures out what cards are left in the deck — "count" them — and ciphers a good chance of hitting a high card. He peels another \$100 bill from his wallet and lays his cards on the blue felt, doubling his bet and summoning a winning queen. The dealer pushes a pile of chips toward the burly, bespectacled gambler and starts firing out another hand.

It's 9:30 on a Monday night. Mr. Bright has been gambling professionally all day. But he walked into a casino only five minutes ago. His first bets of the day were made in a different kind of gambling arena — the U.S. stock market.

Mr. Bright placed his first high-stakes bet more than 15 hours earlier at a drab professional park two miles away. The wager: \$300,000 that America Online shares will move up when the New York Stock Exchange opens in six minutes.

It is the first of thousands of wagers generated in a single day by Bright Trading Inc., a thriving firm that applies the tenets of blackjack to the new game called day trading, embodying the oft-debated affinity between gambling and playing the markets. Bright Trading is now one of the biggest of a controversial wave of day-trading firms that help amateurs buy and sell thousands of shares a day, typically eking profits out of small movements in stock prices before they cash out completely at day's end.

The rise of day trading in the past year has, for many traders, turned the stock market into an invisible nationwide casino where they can play the odds without having to venture to Atlantic City or Las Vegas.

"Wall Street's not about investments anymore; it's about numbers," said one of Mr. Bright's traders, Earl Van Alstyne. "Who cares whether it's a car company or a chemical company? Who cares what they're going to be doing in 2000?"

Mr. Bright, in a Southwestern drawl, said: "The discipline's the same, the focus is the same, the edge is the same."

"Edge," in Las Vegas, means advantage. "Edge," in Mr. Bright's lingo, is when the probability of winning is greater than 50 percent. "Edge" is a word Mr. Bright says a thousand times a day, a staple in his stock-gambling tongue that turns peers into "rooks" and rewards top traders with "comps" — the same free meals and show tickets that casinos give high rollers.

Mr. Bright, after all, learned how to trade stocks after being barreled from most casinos that caught on to his lucrative card counting. Like an exile heading to the promised land, he took his money and parlayed to a place where he could wage much bigger bets with less scrutiny — Wall Street.

Now, at 25 offices from Bethesda, Maryland, to San Diego, people who used to be doctors, construction workers and Wall Street pros use Mr. Bright's millions to trade an average of 10 million shares a day — mainly household names such as General Electric Co. and Citibank that are listed on the New York Stock Exchange. Mr. Bright also operates a new day-trading school.

"It's either day trading or blackjack," said Kevin Feller, explaining how he landed at Mr. Bright's school. The 21-year-old with a pierced eyebrow had hopped from snowboarding to blackjack dealing. "I have buddies who work on Wall Street and they told me there's a lot of money to be made."

Until very recently, stock trading was reserved for professionals at the exchanges and large investment companies such as Merrill Lynch & Co. and Goldman Sachs & Co. But new technology and market reforms have extended the reins to virtually anybody who wants to trade.

The business of finance in the United States was once concentrated in New York, Chicago and San Francisco, but now a quarter of all stock orders are placed on the Internet.

Bright Trading is one of about 70 day-trading firms offering desk space, high-speed market access and large loans, giving individuals immense new

power to move markets. Thousands more amateurs trade at home. Collectively, these day traders account for an estimated 12 percent to 15 percent of the volume of the Nasdaq Stock Market, and increasingly they're permeating the New York Stock Exchange.

Day trading arrangements vary from firm to firm. Typically, customers put down at least \$25,000. Other firms call their customers limited partners and pool their money in order to secure bigger loans and thus trade bigger blocks of shares.

At Bright Trading, there are 300 "firm traders" — essentially independent contractors who must be registered with the Philadelphia Stock Exchange. Where Mr. Bright has a seat, Mr. Bright basically lets them trade with his money

— tens of millions of dollars a day — following individual limits based on experience. Last year, Bright Trading processed 1.5 billion shares.

The traders put down a \$25,000 "performance deposit," to cover losses. They pay Bright \$600 a month for overhead, a penny a share in commissions, plus 25 percent of all their profits — if they have profits.

In the eyes of securities regulators, the burgeoning new field is fraught with danger. Trading firms say they help investors by countering the sway huge Wall Street firms once held over stock prices. Foes say many day-trading firms stoke volatility and lure people to risk life savings with false advertising of quick riches.

Massachusetts and Texas recently sued several day-trading firms for false advertising, fraud and failing to screen customers. Philip Feigin, president of the North American Association of Securities Administrators, recently declared day-trading was enemy number one. He is fond of telling day traders: "Go to Las Vegas — the food is better."

It is the pitch-dark hour of 6:30 A.M. in Las Vegas when the New York Stock Exchange opens on the East Coast. Mr. Bright settles his 6-foot-1 frame in front of a computer, squinting blue eyes buried beneath wire-rimmed glasses. The room is rimmed with 17 gray desks and decorated sparingly with Venetian blinds and flimsy inspirational posters.

The desks are filled mainly by men in jeans, as if to underscore their new status as self-employed. "I don't have to deal with customers or government rules anymore," said Barry Pomanzini, who sold his Houston travel business in July. Above his head, a framed print reads: "Risk. The journey of a thousand miles begins with a single step." He will trade 65,000 shares of stock today, only to break even.

Two women are at the machines, including Mr. Bright's daughter Tammy. Her sister, Kelly, answers the phones.

CNBC competes with a speaker blaring something that sounds like a horse race — the disembodied audio of the Chicago Mercantile Exchange, which trades a security known as futures on the Standard & Poor's 500-stock index. Essentially, S&P 500 futures allow traders to bet on the direction of the market, and the performance of the index provides clues as to where sophisticated investors think the market is headed. The audio gives the room the air of an off-track betting parlor and it gives Mr. Bright the edge he needs to place his first bet.

The futures index indicates the market will open higher by about 1 percent, so Bright assumes a stock that closed at \$100 will open at \$101. When Bright counts cards in the casino, he presumes the outcome of the round. In the stock market, too, that edge comes from information.

The stock market is opening in six minutes. "Where did America Online close Friday?" Mr. Bright yells out. "What was premium over the S&P fair value?" He wants to know how many percentage points higher AOL's shares climbed compared with the basket of stocks in the S&P 500, which includes AOL. The question elicits a shrug from Mr. Bright's brother Don, who plays electronic blackjack during trading lulls. "That would require math."

Tony Gentile, an ex-Pacific Stock Exchange trader, is Mr. Bright's top trader. "Eight percentage points," he tells Mr. Bright, suggesting that AOL will trade higher in the morning.

Mr. Bright types "buy" into a box on the screen, preparing a bid for 2000 shares. The odds are best in the morning. Mr. Bright says, before the "noon balloon" from 11:50 to 12:05 Pacific time, when the market typically rallies. He encourages traders to amass stocks early and sell during these 15 minutes, which his East Coast traders call the "3 o'clock train."

When the market opens, AOL slips and Mr. Bright scrambles to dig out of his bet. Other traders are in the same trap. Mr. Bright calls one of his branch managers about someone on the "watch list" of people losing too much money. Trader AQ2, it seems, has bought 1,500 shares of AOL, going way beyond his limit. "Tell him if he does that again, he's cut off," Mr. Bright said. "In fact, tell him he's cut off."

Mr. Bright's business has raised the eyebrows of regulators, who worry that traders ultimately are risking their own money. Mr. Bright maintains that he only taps traders' \$25,000 deposits if they decide to stop trading when they are sitting on a loss, so technically they are not risking their own money by day.

So far, the worst offense inspections have turned up is overzealousness — Mr. Bright opened offices in Massachusetts, Nevada and Colorado without a license. Nevada regulators, for instance, only discovered Bright Trading last year when they spotted the company's Web site. "We checked our books and found no trace of Bright," said Charles Moore, the chief of Nevada securities regulation. The firm has since been licensed in all three states.

Even Wall Street professionals who have been living working on exchanges are migrating to firms like Bright for lower overhead costs and higher profits. Mr. Gentile, with more than 300 trades a day, said he takes home an average of a penny a share — \$200,000 last year. He earned far less at the Pacific Stock Exchange, where he paid \$25,000 a month in expenses and half his profits to trade for himself.

The most common way to make money in day trading is scalping, in

which traders chase a stock to capture small price improvements. Many trade only two or three stocks at a time, though they may trade each one hundreds of times a day. Most of the time Mr. Bright concentrates on Merck and AOL — along with some casino stocks.

Mr. Bright learned about "edge" in 1974, when he read a card-counting hook ("Beat the Dealer") by Ed Thorpe, a blackjack guru and mathematics professor. He quit his job as a financial executive at Johns Manville and moved to Las Vegas, with \$3,000. "I was tired of living pay day to pay day," he said.

He earned enough by 1978 to leave the scrutiny of the casinos for the floor of the Pacific Stock Exchange in San Francisco and, later, the Chicago Board Options Exchange. Mr. Bright took a clobbering in the crash of 1987. So he headed back to Las Vegas to wait out the storm.

That year, individual investors, who could not get orders processed during the crash, began complaining to regulators. Market reforms ensued, making it easier for small traders to get their orders accepted quickly by the big firms. Sophisticated new software proliferated, linking the markets to traders virtually anywhere in the United States.

The innovations to aid small investors gave Mr. Bright the opportunity he was looking for. In 1994, he opened his firm for trading, with partner Eddie Franco, a former electrician he met at a blackjack table.

"One hundred years ago, farming was the casino. If you had good crops, you had a good year," Mr. Bright said. "Then the industrial revolution had everybody gambling on new products. Now, we're in the information age."

The information age has given Mr. Bright the edge he needed to trade the stocks, providing fast and up-to-the-minute knowledge. Instant data feeds help him capture "price improvements," the rare cases when a buyer pays more than the price being offered.

Such an opportunity hits after Mr. Bright pays nearly \$1.49 million for 10,000 shares of Merck — \$148,625 each. He offers it for \$149,975, surprised instead with a \$149,975 sale. In minutes, he has earned \$13,125, including \$625 from the price improvement alone. "This," he said, "is an edge."

'Wall Street's not about investments anymore, it's about numbers. Who cares whether it's a car company or a chemical company? Who cares what they're going to be doing in 2000?'

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INVESTING IN NORTH AMERICAN REAL ESTATE

NYC: CHEAP FOR SOME

Foreign buyers are still flocking to high-end properties.

A 400-square-foot studio apartment in Chelsea — far from the most expensive Manhattan neighborhood — recently sold for \$140,000. Prices like these lead many people to conclude that New York City must rank as the most expensive city in the world. Certainly, it tops the list for American cities. But, compared with other world capitals, New York is a relative bargain.

A new study by the Corcoran Group shows that New York comes in sixth on the expensiveness ranking, after London, Tokyo, Hong Kong, Paris and Sydney. A pied-à-terre in London's Eaton Square costs \$2.05 million — almost \$1 million more than its equivalent on Fifth Avenue, according to the report. "Overseas buyers know this," says Anita Perrone, senior vice president at the Corcoran Group, a New York real estate broker. "Londoners tell us, 'Levi's cost \$80 in London cost only \$20 here. It's the same with housing.' As New Yorkers, we're so self-centered about prices."

Stable appeal
Even with the Asian economic crisis and the strong dollar, overseas buyers continue to flock to New York. "The high end is still there," notes Kay Coughlin, president of Christie's Great Estates. "The appeal of a stable dollar and government makes it attractive to them to park money here in real estate."

"Asians are still interested in buying and selling quickly," says Mika Soakamoto, who heads the American Real Estate Group, which caters to Asian homeowners. "New York is still a comparative bargain — but the rate of increase in the last two years has been higher than at home, where property is going down."

"I don't know of any market that's as active as New York," says the Sunshine Group's Louise Sunshine. "Believe it or not, we are seeing as many overseas buyers as we did a couple of years ago."

Even so, "New York is no bargain," Ms. Sunshine adds. "If

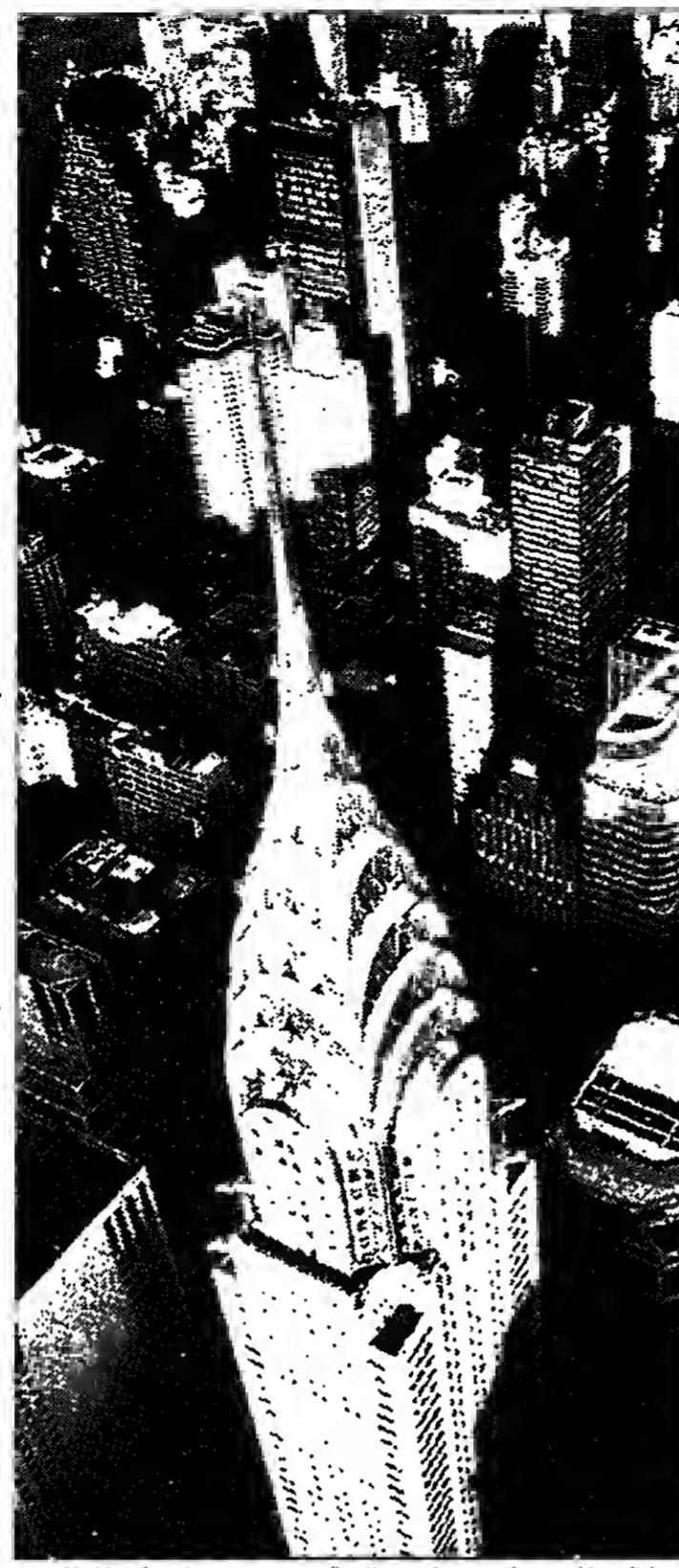
apartments were priced by quality of design and amenities, New York would be the most expensive." That's because the buildings there provide, as she explains, "more services and design quality than those in any other city."

She points to the Chatham, a luxury condominium on the Upper East Side, which was designed by brand-name architect Robert A.M. Stern. The building mimics the classic prewar stone-and-brick facades along Park Avenue. The Chatham boasts butler service from a four-star restaurant, valet car — and bicycle — service and an exclusive spa and gym. "This is resort living every day of the year," Ms. Sunshine says.

One of the principal factors driving up prices in New York has been a lack of new housing on the market. Essentially, the building of new residential units came to a screeching halt during the city's financial crisis in the 1970s and never really rebounded — until now. With the city stabilizing both economically and socially, builders are rushing in with new projects, such as the Chatham, which is being built by the Related Companies, and the Battery Park City Authority, whose chairman is James Gill.

Battery Park City, at the tip of Manhattan, and Donald Trump's development on the site of an old railroad yard further up the Hudson River, are the largest examples of projects attempting to meet buyers' demands. When completed, Battery Park City will account for 2,000 apartments in eight buildings, and even more will come from Trump's mega-development. Mr. Trump is also planning the world's tallest residential structure, on the East Side near the United Nations.

The suburbs are participating in the area's boom. Lorraine Leonard, a principal at William Raveis Real Estate, cites "teardowns" — buying an older home for the property and building an entirely new structure — in the affluent communities of southwestern Connecticut.



New York's lofty prices compare well to those of some other world capitals.

WORLDWIDE OFFERINGS

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BOSTON	PALM BEACH
BRENTWOOD	PARIS
BRIDGEHAMPTON	SAN FRANCISCO
EAST HAMPTON	SANTA BARBARA
GREENWICH	SANTO DOMINGO
HONG KONG	SANTO FELIPE
JACKSON HOLE	SOUTH FOLE
LONDON	SYDNEY
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New York, NY East 88th, Madison Park: 5-story renovated townhouse, zoned commercial and residential. 13,000 sq. ft. #HT531325. *Malabar Brokerage*. Michael Pellegrino, 212.666.7731

St. Barts/Baileys, French West Indies Les Maisons Mexicaines: 2 Mexican-style villas with splendid water views. \$2,750,000. #HT049142. *Silvertown Real Estate*, Christian Wurtzau, 011.590.29.88.91

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Bal Ab, CA Tropical Georgian Manor: 1.24 acres, 5 bedrooms + maid's, Tennis court, pool. Gardens. \$7,950,000. #HT5310401. *Beverly Hills Brokerage*, Drew Mandel/Brooke Knapp, 310.766.7999

New York, NY New on Park: Prewar 11 room family apartment. 10' ceilings, 4 bedrooms, 4 baths. \$7,950,000. #HT5312327. *Manhattan Brokerage*, Diane Barnes Kishin, 212.666.7999

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SPONSORED SECTION

INVESTING IN NORTH AMERICAN REAL ESTATE**PUTTING HEADQUARTERS UP FOR SALE***Sentiment aside, selling the corporate building can be a smart move for publicly traded companies.*

The Sears Tower, still the world's largest building, no longer houses Sears. Du Pont just sold its world headquarters in Wilmington, Del. Goldman Sachs sold its Wall Street headquarters and has leased its space back from the purchaser.

Some corporations go ahead and build their own headquarters because this represents a relatively small part of their overall expenditures. But publicly traded companies often see selling the building as a way of raising cash in order to finance other ventures that are closer to the company's core interests — and that may offer a much greater rate of return.

Book value
"Real estate on the books is a drag," says Gary Barth, a director of the Greenwich Group International, a New

York-based real estate investment bank. "While owning a headquarters building looks good in books and pictures, at the end of the day, corporations are looking to get a greater return on their investment equity than an office building provides." The Greenwich Group is currently doing a sale-leaseback with a medical company in the Back Bay section of Boston.

In today's market, Class A buildings in good locations offer especially rich rewards. The General Motors Building, on Fifth Avenue across from Central Park, may not be headquarters, but for years it has been the auto company's signature New York presence.

With the boom in Class A office space, the 1.8-million-square-foot tower is expected to fetch the highest price ever paid for an office building in Manhattan. The Canadian company Trizec Hahn paid \$850 million for the Sears Tower. This century, but by the time the Woolworth stores shut down and the company changed its name, it planned to vacate many of the 25 floors it had occupied in the building. Venator retains its corporate headquarters there, but occupies only four floors.

Enduring brands
In a reflection of how much a signature building can become identified with a corporation, the building is still known as the Woolworth Building. Even if the Wilcoff Group, the building's purchaser, had wanted to change the name, it would have run into opposition from preservationists. The building is a federal and New York City landmark.

Another company scaling back, CBS, is beginning to explore the possibility of selling Black Rock, its famous Midtown headquar-



The Woolworth name lives on in New York's landmark Beaux Arts skyscraper.

ters. According to reports, CBS would cut its space in half of the building to quarter and disburse employees to other buildings. In today's market, Black Rock would likely sell for as much as \$400 million, according to Newmark & Co. President James Kuhn. ●

HOW TO KEEP BIG BUSINESSES FROM STRAYING ELSEWHERE*New York City has been able to retain several major companies with the enticement of special abatements and other deals.*

Across the United States, local governments are offering incentives to attract and retain businesses. A company picks a few locations, then goes to the state governments and asks for abatements, training and infrastructure support. "A Fortune 500 company could put a manufacturing facility anywhere," says Ellen Collis, vice president for corporate services at NAI. Mercedes-Benz received between \$16 million and \$20 million in incentives to build its plant in Alabama.

"Sometimes, the incentives require special, precedent-setting legislation," Ms. Collis points out. If a company doesn't provide promised jobs or buildings, the local authority can ask for the money back.

The New York Stock Exchange presents perhaps the most notable example of the rivalry between New York City and New Jersey in this area. By the time the NYSE finally

decided to remain in the city, New York had had to up the ante by tens of millions of dollars to match New Jersey's offer. New York Mayor Rudolph Giuliani feared that the loss of the stock exchange would prompt an exodus of financial firms, some of which have already moved their back offices.

The city gave Reuters, the news agency, \$37 million to build its Times Square headquarters after it threatened a move to New Jersey. Magazine publisher Condé Nast and CBS, the television company, also received tax breaks after they considered leaving the city. Many criticize the tax breaks as favoring large, established businesses rather than startups and small businesses. Some analysts think the city would be better off cutting taxes across the board. But the mayor contends that losing major corporations creates a domino effect that ultimately affects those smaller businesses.

New York does help non-marquee businesses as well. DoubleClick is an Internet company that has been operating in two separate locations in the Flatiron section of the city. When the company was looking to expand and consolidate its operations, it considered moving out of the city. DoubleClick executives believed they could save money by putting "back office" operations in a locality with lower taxes.

Newmark & Co.'s Michael and Paul Ippolito found the top floors of 450 West 33rd Street, a building on the far outskirts of the Midtown business district, but offering sweeping views and enough space to put in high-speed data wiring. DoubleClick's officials went to the city's Economic Development Corp. and, according to Michael Ippolito, said: "This is what we are getting elsewhere. What can you give me to stay?"

The city, which is trying to keep and attract Internet companies, responded with \$4 million in the form of tax abatements, employee tax credits and money for capital improvements. The space, located in an old ice rink, totals 150,000 square feet and a landscaped terrace.

Neighborhood revitalization
Generally, local governments offer incentives for areas like Manhattan's West 36th, where the city is interested in stabilizing the economy or otherwise re-establishing it as a viable area.

In Philadelphia, a 1997 city tax abatement has spurred the conversion of older commercial buildings to residential use. The law was modeled on a New York law that allows Class B and C office buildings in the financial district to be made into residential units. ●

KEEPING THE FAITH IN REAL ESTATE*REITs have changed the face of U.S. investment.*

Real estate investment trusts, or REITs, have been popular conduits for property investment for several years. The federal government has encouraged their growth through favorable tax laws, which have drawn in individual investors, particularly those in high tax brackets. Unlike stocks, REITs distribute nearly all of their income as dividends, which benefits shareholders but puts pressure on them to produce high near-term returns.

REITs have been around since the early 1960s, but only took off during the real estate slump 25 years later. When traditional lenders — the insurance companies, banks and pension funds — pulled out of the market, the only way to raise money was through REITs. The market went from \$10 billion in 1990 to \$160 billion in 1998. Prudential Real Estate Investors has estimated that the investment portfolio of the 210 REITs now active could reach \$1.3 trillion — half the value of all U.S. commercial real estate — in a few years.

Unlike the stock market or other investment options, REITs had a bad year in 1998. The Wilshire REIT Index fell by nearly 23 percent last year, while the stock market rose nearly 27 percent. A Goldman Sachs report bluntly describes REITs' performance as "truly awful." Some predict that, as part of the fallout, REITs will consolidate, with one study predicting their number will fall to only 15 to 20 in coming years.

What happened?
As REITs increased in popularity, so did their stock price. But a REIT only survives by investing in real estate. As available buildings became more scarce, REITs found themselves bidding — sometimes against each other — on properties. Investors, unmoved by REITs that financed growth with short-term debt, began to dump REIT stocks.

REITs are rushing into the office market today because of a perceived shortage. But should the new buildings and upgrades flood the market with too much space, analysts say, they will inevitably suffer more heavily than conservative lending institutions like banks, which require collateral or equity before financing developers' projects. The Federal Reserve Board warned last year that banks had increased their lending to REITs; unlike loans to developers, those loans are unsecured, leaving banks vulnerable in the event that a REIT collapses.

Even so, 1999 isn't predicted to be as bad. Green Street Advisors forecasts that REITs will grow by 9 percent. A survey by Lend Lease Real Estate Investments and PriceWaterhouseCoopers REITs "should rebound modestly next year after being hammered in 1998." High occupancy rates should help, as should rising rents for commercial and West Coast apartments.

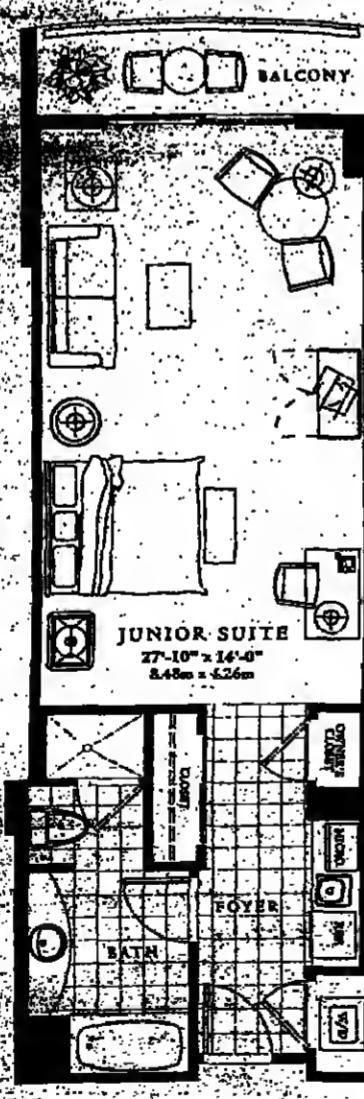
Shelter
Others counter that REITs continue to provide solid dividends and protection against the violent fluctuations that plague even the most bullish stock market. Apartment rents are particularly important because so much of their investment is in multifamily dwellings. "Office REITs are improving," says Fred Carr of the Penobscot Group, a research group that tracks REITs. ●

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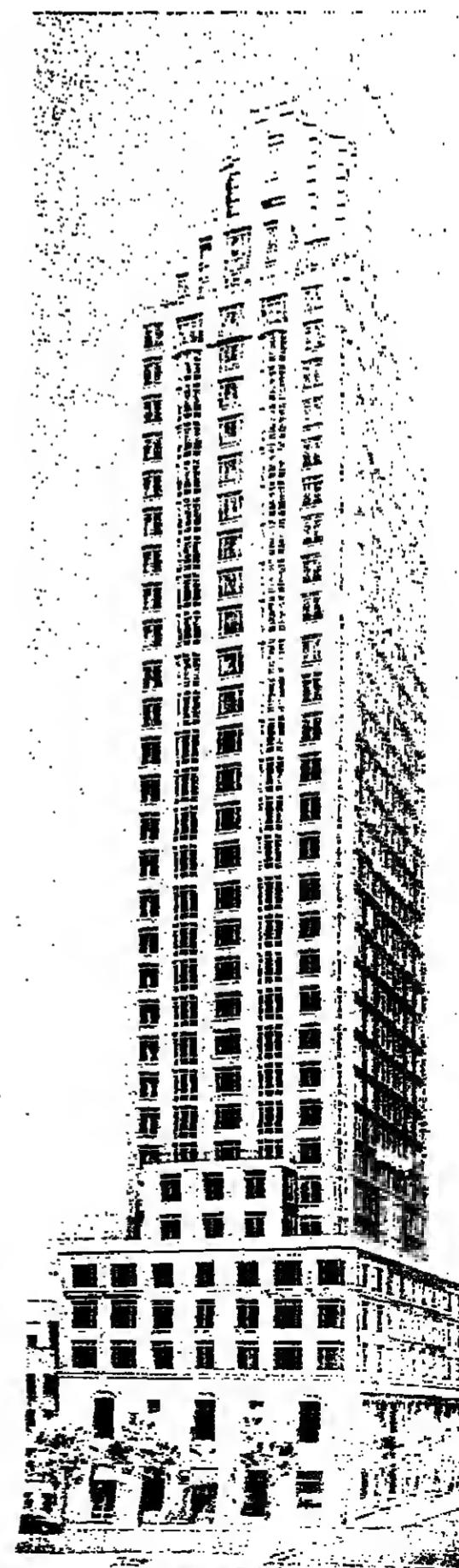
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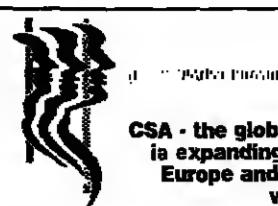
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Joblessness In Japan at Record High

Copied by Our Staff From Dispatches.

TOKYO — The number of jobless people in Japan hit a record 2.98 million in January as the unemployment rate remained at a postwar high of 4.4 percent, the government said Tuesday.

Analysts said the rate, if compiled under rules used in most industrialized countries, would have been several percentage points higher.

Separately, the Labor Ministry reported that the jobs-to-applicants ratio rose to 0.49 in January after three straight months at a low of 0.47, meaning there were 49 jobs posted at government-run job agencies for every 100 applicants.

Unemployment has swelled as companies reduce their payrolls in the face of dwindling profits. On Tuesday, Oji Paper Co., Japan's largest paper manufacturer, said it would trim its work force by about 8 percent after slashing its earnings forecast to a loss.

"The situation is quite severe," said Brian Rose, senior economist at Warburg Dillon Read, "and will get worse in the next fiscal year."

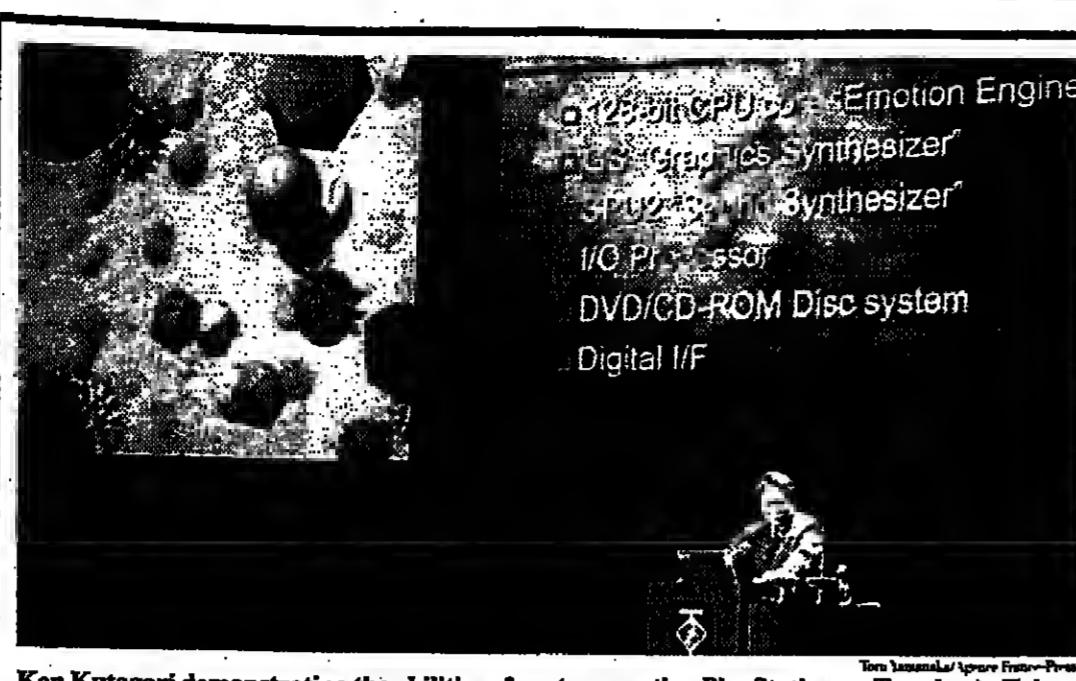
The government is trying to stem unemployment and spur growth by spending on roads, tunnels, bridges and other public works. It hopes a record budget and 24 trillion yen (\$200 billion) stimulus package will lead to 0.5 percent growth in the year starting April 1. If forecasts the economy will shrink 2.2 percent in the year ending March 31, after having contracted 0.4 percent the previous year.

A Back Seat for Reforms

The finance minister of Japan said Tuesday that structural reforms and efforts to balance the budget should wait until after several years of 2 percent economic growth had been achieved.

But Kuchi Miyazawa, in remarks reported by The Associated Press, was not optimistic about the likelihood of immediate growth.

"Although there are some data suggesting a turnaround in the economy," he said, "I'm worried how sluggish machinery orders, a leading indicator of capital investment, will affect the overall economy."



Ken Kataguri demonstrating the abilities of next-generation PlayStation on Tuesday in Tokyo.

Sony Unveils More Than Just a Toy

By Stephanie Strom
New York Times Service

TOKYO — Making what could be a quantum leap in the march to wed consumer electronics to computers and the Internet, Sony Computer Entertainment Inc. unveiled Tuesday the widely anticipated second generation of its hit PlayStation video-game console.

The company, which is jointly owned by Sony Corp. and Sony Music Entertainment Inc., has bet more than 20 billion yen (\$168 million) on the new console.

Provisionally called PlayStation II, it can produce movie-quality three-dimensional game images and can connect users to the Internet and a personal computer. It also can play music and movies.

"This is not just an extension of the line of game machines," Kei Kataguri, executive vice president of Sony Computer Entertainment, told the Nihon Keizai Shimbun.

With PlayStation II, Sony is essentially betting that it can take the computer out of the desktop box and bring it onto the television screen that has long been Sony's bread and butter. "I believe the next generation PlayStation will become one of the pillars of Sony's business," said Nobuyuki Idei, president of Sony.

The PlayStation business is already a major contributor to the well-being of the Sony family.

Sony Computer Entertainment, whose business is largely the PlayStation, contributes the majority of Sony Music's earnings on a consolidated basis and accounted for 26.5 percent of Sony's operating profit in the six months through September, according to Nikko Securities Smith Barney (Japan) Ltd.

[Sony controls 60 percent of the \$15 billion global video-game market, The Associated Press reported.]

More than 50 million PlayStations have been sold since the 1994 introduction, and software developers,

which are critical to the success of game consoles, have embraced it. That widespread acceptance makes Sony Computer Entertainment a formidable player in the game console market, where it competes with Nintendo Co. and Sega Enterprises Ltd.

But analysts expect the torrid pace of PlayStation's sales to taper off in a year, which will have a severe impact on profit at both Sony and Sony Music unless PlayStation II duplicates its predecessor's success.

"Sony has to transform PlayStation into something more than a game console, and they know it," Koichiro Chiwana of Nikko Smith Barney said.

Mr. Chiwana and other analysts say that based on a demonstration at a recent trade show, the 28-bit processor that Sony Computer Entertainment developed together with Toshiba Corp. probably exceeds the performance of Intel Corp.'s Pentium III chip.

If that is the case, Sony may be trying to establish a new standard.

Sony Computer Entertainment boasted Tuesday that the PlayStation II processor's abilities exceeded those of top-notch personal computers and the best graphics workstations, allowing heretofore unseen levels of sophistication and realism.

The company said the processor, together with other components, would be able to simulate physical attributes such as gravity, friction and mass as well as materials such as water, wood and gas — not to mention the way characters and objects act.

An LSI Logic Corp. chip will enable PlayStation II to use the same software as the existing PlayStation, which should make the new machine more appealing to owners of the old system and its 3,000 software titles. The new console will also have both CD-ROM and the more cutting-edge DVD-ROM capability.

PlayStation II will go on sale in Japan after March and in other markets next year, the company said.

The ministry said that the trade figures were slightly skewed because February 1998 had three more working days than last month did, and there was a nationwide drive at that time last year to collect and export gold to help overcome the country's foreign-exchange crisis.

"Taking last year's exceptional gold exports and the calendar effect into consideration, both exports and imports grew in February," said Cho Young Jae, the ministry's trade official.

That, he said, reflects the fact that the economy is "entering an expansion phase."

After accounting for the calendar effects, imports grew more than 10 percent last month as automakers and microchip manufacturers bought more capital goods and raw materials overseas in the expectation that an economic revival in South Korea and its Asian neighbors would lift demand.

The ministry expects South Korea's trade surplus to narrow to \$25 billion for all of this year from \$39 billion last year. Imports are forecast to rise 17 percent to \$109 billion, and exports are projected to increase 0.6 percent to \$134 billion.

Seoul Posts A Narrower Trade Surplus

Bloomberg News

SEOUL — The trade surplus shrank by more than half in February from a year earlier as a strike at a major semiconductor manufacturer and a stronger currency reduced South Korea's exports, the government said Tuesday.

Analysts said seasonal factors also had weighed on exports and said the fall in sales abroad had not changed the picture of South Korea as an economy recovering from its crisis.

The trade surplus of \$1.78 billion last month compared with \$695 million the previous month but was down from \$3.86 billion in February 1998. Exports declined 16 percent last month from a year earlier — the largest drop in 14 years — to \$9.43 billion. Imports fell 3 percent to \$7.65 billion, the Commerce, Industry and Energy Ministry said.

Exports suffered from a weekend work stoppage at LG Semicon Co., which makes 7 percent of the world's computer memory chips.

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Investor's Asia



Source: Telekurs International Herald Tribune

Very briefly:

• Nippon Mining & Metals Co., Japan's largest copper producer, is leading a Japanese group that plans to buy a 50 percent stake in the copper-smelting businesses of LG Metals Corp. of South Korea.

• Australian consumer demand remained strong in January as retail sales jumped 5.2 percent, but building approvals fell 8.1 percent from December and private capital expenditure slid 11.2 percent, suggesting the economy may slow, analysts said.

• Daiwa Bank Ltd. raised its forecast for its pretax loss in the year ending March 31 to 265 billion yen (\$2.21 billion) from 183 billion yen because of an increase in bad debt write-offs to 363 billion yen.

• Groupe Publicis SA of France acquired a 60 percent stake in Well Communications, based in Seoul, to expand its global presence.

• Indonesia's trade surplus shrank 13 percent to \$1.41 billion in December, the fifth narrowing in six months, as the country's stronger currency slightly bolstered consumer demand for imported goods.

• East Japan Railway Co. should be privatized to increase its independence and appeal to investors, said its president, Masatake Matsuda.

• China's central bank governor, Dai Xianglong, called for reforms to a global financial system that he said burdened emerging economies with too much risk, the Xinhua news agency reported.

• Sanyo Electric Co., a Japanese maker of audio equipment and refrigerators, will scrap its forecast of a profit of 24 billion yen and now expects a loss of 15 billion yen for the year ending this month because of weak sales in Japan and overseas.

Bridge News, AFP, Bloomberg, AP

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WEDNESDAY, MARCH 3, 1999

PAGE 22

WORLD ROUNDUP

Australia Will Give Drugs to Athletes

DRUGS Australian athletes will be given a banned performance-enhancing drug to help develop a reliable test for it before the Sydney Olympics. Ross Smith, the institute's director of sports science, said 22 volunteers aged 18 to 35 will be given a course of the drug erythropoietin over five weeks while 11 others will be given a placebo. He said it had been difficult to find volunteers. (AP)

49ers Keep On Cutting

FOOTBALL The San Francisco 49ers continued their payroll trimming, trading Kevin Gogan, a veteran offensive guard, to the Miami Dolphins in exchange for an undisclosed draft pick. The 49ers began the offseason \$28 million over the salary cap but have cut some \$30 million from their player payroll.

Quarterback Vinny Testaverde, who led the New York Jets into the playoffs, signed a three-year contract worth nearly \$19.5 million to stay with the team. (AP)

Tennis Star Talbert Dies

TENNIS Bill Talbert, a star player, who later became tournament director of the U.S. Open, died Sunday in New York. He was 80.

Talbert twice reached the singles final at the U.S. Championships, now the U.S. Open. He won the doubles and mixed doubles four times each. He teamed with Tony Trabert to win the French doubles in 1950. He captained the U.S. Davis Cup team from 1953-57, winning the trophy in 1954.

Talbert was the first diabetic known to compete in sport at a top international level. (AP)

Kiwi Batsman's Big Zero

CRICKET Geoff Allott broke a test batting record without scoring a run. Allott, a bowler who is the last man in the New Zealand batting order, batted 101 minutes facing 77 balls to break the record for the longest scoreless innings. The record was set by England's Godfrey Evans who went 97 minutes before scoring against Australia in 1946. Allott never scored on Tuesday. He was out to end the New Zealand innings at 352 on the fourth day of the first test against South Africa in Auckland. New Zealand, trailing by 261, reached four without losing a wicket in its second innings. (Reuters)



South African fielder Gary Kirsten diving for a catch — and missing it — in Auckland.

Sosa Steps Up to Bat Still Aglow From '98

After Whirlwind Winter, He Joins Cubs Camp

By Scott Bordow
Washington Post Service

MESA, Arizona — Sammy Sosa stepped onto the field for the first time this spring and cracked up. His Chicago Cubs teammates were giving him a standing ovation.

"They missed me," he said.

Perhaps they were applauding the fact that he showed up at all. Given where Sosa has been in the offseason and what he has done, it wouldn't have been surprising if spring training had slipped his mind.

As Ed Lynch, the Cubs' general manager, said, "He tried to save the world."

Swatting baseballs must seem a little mundane after such noble pursuits. But with the Sosa World Tour finally over, the Cubs' right fielder and National League most valuable player found himself in the place where his fame first sprouted: the batter's box.

As he stepped into the cage, chants of "Sammy! Sammy! Sammy!" rang from the hundreds of fans behind the chain-link fence. Sosa acknowledged the fans, fouled off his first pitch, then launched a ball beyond the left field fence.

Sosa, 30, reported to camp three days late. Not that his tardiness bothered anyone. Sosa was late last year. A guy hits 66 home runs, he doesn't change his routine. "I'm superstitious," Sosa said.

Mark McGwire became baseball's home run king last year with 70 homers, but Sosa became baseball's goodwill ambassador to the eight U.S. cities and four foreign countries, met President Bill Clinton, hit a Homer off the president of Venezuela — "He's got good stuff," Sosa said — partied with pop singer Gloria Estefan and raised millions of dollars for victims of a hurricane.

He estimated he slept in his bed at his home in the Dominican Republic "two to three weeks." His agent, Adam Katz, described the offseason as "surreal, a whirlwind. Peculiar. And extremely busy."

McGwire used the offseason to re-

claim some sense of privacy in his life. But wherever Sosa was asked to go, he went, and he didn't see the demands on his time as intrusive. "A lot of people wanted to shake my hand, a lot of people wanted to meet me," he said. "To me it felt like it was a holiday."

Sosa knows he might have been used by people looking for a feel-good photo opportunity. But he used them, too, never forgetting that the victims in the Dominican Republic of the hurricane designated Georges needed money and supplies.

"I know how home a lot of people are suffering," he said. "It's not like in the U.S., where you have lots of things to eat. I have the opportunity to ask for help. The support they gave me saved a lot of lives."

The Cubs never expressed concern that Sosa's travels would leave him unprepared for the 1999 season, but when he reported to camp Sunday night, Billy Williams, the Cubs' dugout coach, said: "Every time I turned on the TV, you were there. You ready to do this again?"

Sosa just laughed. He weighed in at 222 pounds (101 kilograms), 12 more than his listed playing weight. "It's all muscle, no fat," he said. Flexing his muscles. He insisted his travels didn't affect his preparation for the season.

"I'm only 30 years old, so I don't get tired," he said. "I'll have time to rest when I die."

Unlike McGwire, who says he won't take questions about the home run record once the regular season begins, Sosa has no problem talking about his '98 season. He said he understands it was a boost for an ailing sport, that fans don't want to let go. Nor will his routine change. No bodyguards, no once-a-series news conferences. He'll be at his clubhouse locker, ready and willing.

"I can talk. I can take care of everybody," he said.

The pressure of matching last year's numbers (.308 batting average, 66 homers, 158 RBI, 18 stolen bases) hardly fazes Sosa. As he said: "Pressure is not having food on the table. I just want to play good. If I play good, everything will be O.K."

Avalanche a Pebble Short

Oilers Hold On for 4-3 Victory Despite Fleury

The Associated Press

DENVER — Theo Fleury's presence didn't help the Colorado Avalanche, and his absence didn't help the Calgary Flames.

The Edmonton Oilers survived Fleury and the Avalanche on Monday night but

NHL ROUNDUP

issued a warning: Colorado is a scary team with the addition of the right wing.

Boris Mironov and Rem Murray scored power-play goals 45 seconds apart early in the third period, and the Oilers withstood a rally led by Fleury to beat Colorado, 4-3.

At about the same time, the Flames, who traded Fleury on Sunday, were losing at home to San Jose, 2-1, but the Oilers managed to hang on for the victory.

Acquired to bring energy and scoring to the Colorado offense, Fleury provided that and more in his Avalanche debut. It just came a bit late. Colorado fought back from a 4-0 deficit but still lost.

"It looks like he has been here all along," said Bill Guerin, an Oilers wing-

er. "Putting him on this team with a lot of talent and firepower is pretty scary."

Fleury, who played for the first two periods with the line of Joe Sakic and Valeri Kamensky, switched to a Sakic-Peter Forsberg line at the start of the third period, and the Avs came alive.

"We had a little bit of fun out there with those two guys," Fleury said. "We got some things done to the third period."

Fleury, the high-scoring winger who will be a free agent after the season, sparked the comeback with Colorado's first goal at 6:57 of the final period, cutting the deficit to 4-1.

In the last furious 13 minutes, Kamensky and Aaron Miller also scored, but the Oilers managed to hang on for the victory.

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With his characteristic big smile, Sammy Sosa took the field for the first time this spring at the Cubs' spring training park in Mesa, Arizona. He hit 66 homers in 1998 and hit one out in his first time up in '99.

Cepeda Finally Elected To Baseball Hall of Fame

The Associated Press

TAMPA, Florida — Orlando Cepeda, the Baby Bull who earned his reputation with a big bat, and three others were elected to the Hall of Fame Tuesday by the Veterans Committee.

Former umpire Nestor Chylak, turn-of-the-century manager Frank Selee and Negro Leagues pitcher Smokey Joe Williams also were selected.

The 12-member Veterans panel, which included Ted Williams and Stan Musial, passed over Bill Mazeroski, Dom DiMaggio, former manager Dick Hayes and umpire Doug Harvey.

Cepeda, 61, was the NL's rookie of the year in 1958 with the San Francisco Giants and the league's first unanimous MVP in 1967 with the St. Louis Cardinals. He hit .297 with 379

home runs and 1,365 RBIs.

He missed by seven votes in the baseball writers election five years ago, his final try with the writers. He failed last year in voting by the Veterans.

In 1975, Cepeda was arrested at an airport on charges of trying to pick up 160 pounds of marijuana. He was sentenced to five years and served 10 months — widely believed to have worked against him in previous bids for the Hall of Fame.

Candidates needed 75 percent — nine votes — for election. Voting totals were not released. Induction ceremonies will be held July 25 at Cooperstown, New York. Nolan Ryan, George Brett and Robin Yount were elected in January by the Baseball Writers' Association of America.

Coach Gets 800th Victory

Phelan Leads Mount St. Mary's to NCAA Berth

The Associated Press

NEW YORK — College basketball history can wait. The NCAA tournament was all that the Mount St. Mary's coach and players wanted to talk about.

The fact that the Mounties' 72-56 victory over Central Connecticut State on Monday was the 800th of coach Jim

Phelan's career was relegated to runner-up status behind the NCAA bid that went along with the victory in the Northeast Conference tournament championship game and a berth in the NCAA tournament.

Phelan is only the fourth U.S. college basketball coach to reach 800 victories. The Mounties (15-14), seeded sixth in the tournament, clinched an automatic bid in the 64-team NCAA tournament field.

It will be Phelan's second showing in the tournament since the small Catholic school in Emmitsburg, Maryland, moved to the National Collegiate Ath-

letic Association's Division I in 1989. In his 45 seasons at the Mount, Phelan won the 1962 college division national championship and has compiled an 800-442 record.

His trials only Dean Smith (879), Adolph Rupp (876) and Clarence Gaines (828) on the career list.

COLLEGE BASKETBALL

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CROSSWORD

ACROSS

1 Relative of a pator

2 Many miles off

3 Sign of heating

13 City southeast of Honolulu

14 "Damn Yankees" girl

15 Strong will

16 "A New Leaf" actress/director

17 Hackneyed

18 Athletes need good ones

20 Bowls

21 Victory

22 Slippery ones

23 "Deep Purple" singer, 1963

25 In on, with "to"

26 Overly brainy sort

28 Nourished grub

30 Take another shot

32 Cry that stops traffic

34 Ending sequence

36 Kind of therapy

38 Strong-willed, aggressive, suspicious

40 Best Actor of 1932 and 1946

42 Haunted house sounds

44 French pooh-bah

46 "Fisher Hat"

48 Dillard runners

52 Signed

54 "Brewster's Millions" actress, 1945

56 Devoutness

58 Similar

59 Change the decor

60 Architect

62 Saarinen

64 Geometric fig.

66 Be sure of

68 "Le la" precerder

70 Midsize

72 Monoliths

74 455 minutes past the hour

POSTCARD

Absinthe Revival

By Marjorie Miller

New York Times Service

LONDON — Toulouse Laurens drank it from a hollowed walking stick. Degas immortalized it in his blearily-eyed painting, "L'Absinthe." And Van Gogh nursed a disturbed mind on the aquamarine liquor, which might have encouraged him to amputate his ear.

The "green fairy" to some, the devil's potion to others, absinthe was the drink of choice for a generation of bohemian artists and writers in fin-de-siècle Paris until it was banned by the French government in 1915.

Now absinthe is back, this time in end-of-millennium London.

Four entrepreneurs who call themselves Green Bohemia began importing Hill's Absinthe from the Czech Republic two months ago, peddling it primarily to the upscale, artsy crowd of London's Soho district but also offering the elixir for sale only on the Internet.

"A lot of people have gone for it," said Tom Hodgkinson, one of those responsible for the absinthe revival. "It is literary and hedonistic at the same time. It appeals to serious drinkers, thinkers and artists."

□

Oscar Wilde was among those who succumbed to its charms. He wrote, "What difference is there between a glass of absinthe and a sunset?"

The side effects, for one, Absinthe is about 70 percent alcohol and packs twice the wallop of a shot of vodka. It is made from the wormwood plant, which is reputed to have a hallucinogenic effect, and flavored with a blend of

anise, angelica root and other aromatics.

"I haven't heard of anyone hallucinating, but I have seen a few people walk into mirrors," said Paul Hutchinson, head bartender at The Groucho Club in London. "Like with any alcohol, people quite often lose part of the evening."

Absinthe was first produced for sale in 1797 by Henri-Louis Pernod, who reportedly bought the recipe from a compatriot living in Switzerland. For more than a century, absinthe flowed in French cafés and cabarets.

Artists in 19th-century Paris drank absinthe because they could afford it. Absinthe offered a cheap, ethereal drink until it was outlawed in what Hodgkinson called "a moral panic about its effects on the working classes."

Absinthe did not catch on to the same degree in Britain and was never banned there, as it was in the United States and many other nations. But today, the British working classes likely are not at great risk, with Hill's Absinthe selling for \$68 a bottle.

Green Bohemia newcomers to the hooch business wanted to start small and trendy, taking their cues from the marketing success of Absolut Vodka. They presented absinthe as "the spirit of freedom," a kind of rebellion against the clean-cut "New Labour" values of Britain's governing party.

"We despise the bungee-jumping men's health culture that prevails, the world of the Pepsi Max generation, who consider that any activity (no matter how mindless) is better than sitting around doing nothing," Hodgkinson wrote in the Daily Telegraph. "Absinthe, we think, encourages conversation, independent thought and creativity."

By Stephen Holden

New York Times Service

NEW YORK — When Andy Warhol began painting Campbell's Soup cans nearly four decades ago, it was not long before Pop Art became accepted as the Next Big Thing in the world of fine arts. The newest development in a modernist tradition that had already absorbed the shocks of Cubism, Dadaism and Abstract Expressionism, Pop Art was quickly recognized as a movement ready-made for museum catalogues, history books and skyrocketing auction prices.

But if you turn the words Pop Art around and apply them to music, suddenly you have a debate about cultural values and hierarchy, about entertainment and art, that has never been fully resolved.

The heart of that debate is a dialogue about the aesthetic worth of the primitive versus the refined, an oral tradition versus a written one, spontaneity versus craft, popular versus highbrow and European versus American. Or as the rock critic Robert Christgau, a populist and leftist intellectual, said in an essay on Chuck Berry: "Unless we can somehow recycle the concept of the great artist so that it supports Chuck Berry as well as it does Marcel Proust, we might as well trash it altogether."

The music that is loosely defined as art-pop — music as diverse as that of Talking Heads, Peter Gabriel, Laurie Anderson, Beck and Pavement — does not have much to do with Berry's raw, euphoric synthesis of blues and country music. But Berry's role as a founding father of rock 'n' roll and a maker of hybrids certainly paved the way for its development.

Generally speaking, the term art-pop refers to any pop style that consciously aspires to the formal values of classical music and poetry. At the same time, most art-pop is undersigned and marketed not by staid cultural institutions but by commercially voracious record companies who tout even the sil-



The art-pop musicians Beck, above, and Talking Heads.

liest, most juvenile acts as "re-cording artists."

All but the most stubbornly highbrow critics would probably agree that the mingling of pop and classical has had a genuinely liberating influence on music. But at what point does the convergence of so many musical streams muddy the water so thoroughly that distinctions of quality begin to vanish in an undifferentiated muck?

Many people would date the birth of art-pop to the mid-1960s when the Beatles first recorded with a string quartet and producers like Phil Spector and the Beach Boys' leader, Brian Wilson, brought quasi-symphonic textures to pop recording.

After the Beatles' "Sgt. Pepper's Lonely Hearts Club Band" established the so-called concept album as pop music's dominant format in 1967, rock bands of every stripe chummed out albums that linked songs into suites and aspired to make grand artistic statements.

A bombastic, classically inflected post-Beatles art-rock flourished, especially in Britain, whence came the Moody Blues; Pink Floyd;

Emerson, Lake and Palmer; Yes; Genesis; Electric Light Orchestra; Procol Harum, and other bands.

Because of the influence of Bob Dylan and the Beats, North American art-pop took more literary path through folk music in the singer-songwriter movement that produced Joni Mitchell, Paul Simon, Leonard Cohen and Laura Nyro.

As the generational wars of the late 1960s and '70s cooled, older pop styles were re-examined and canonized. Frank Sinatra, once viewed as a kitsch pop crooner, is today exalted as a great American artist who invented "personal" singing.

Vintage Broadway scores have been dusted off and "elevated" in recordings featuring opera singers,

and classically trained vocalists have applied their talents to albums of popular standards.

To the diehard rock 'n' rollers who championed punk rock's surge as a purifying fire, the upward mobility of nonrock styles is no cause for celebration, especially at a moment when rock has been commercially eclipsed by hip-hop and country and eroded by a tentative swing revival.

The same advancing technology that played a crucial role in the birth of rock with the near-simultaneous development of electric instruments, high fidelity and the long-playing record has contributed to the music's decline. By turning promotional materials into product, the music video undermined rock's integrity, subsuming the music to the values of television.

In supplanting the LP, the compact disk, with its increased length, hastened the demise of the concept album, which could not comfortably fit on a CD.

ably support a song cycle longer than about 45 minutes. And as the world became more of a global village, music with few ties to Europe or the United States further called into question musical hierarchies.

Meanwhile, a younger generation, turning its back on its parents, chose computers instead of music as its preferred mode of conversation.

Where a generation ago, rock critics and record companies announced the arrival of a new "masterpiece" every month or two, mainstream pop has reverted to the detached consumerist ethic of the pre-Beatles era. Britney Spears and the Backstreet Boys rule, and audience loyalty to a new act rarely extends beyond one or two records.

As for art-pop, the radio formats that sell records leave little room for sounds that do not conform to strict niche-market formulas.

But each year, great claims are still made for one or another promising performer. This year's recipient of hype is the talented pop-hip-hopper Lauryn Hill, who has been described as having Roberta Flack's voice and Joni Mitchell's songwriting gift.

As for the anti-establishment cultural war led by rock 'n' roll, it was won hands down by rock in the mid-1970s. Beethoven and Proust have since rolled over in their graves many times and told Tchaikovsky the news in several languages.

But that victory is not without a certain irony. Yes, now there is a Rock 'n' Roll Hall of Fame and an entire cable television channel (VH1) devoted to promoting the pantheon. But musical cultural values have become so relative that the Beatles, Dylan, George Gershwin, Duke Ellington and Sinatra now rank side by side in public esteem with the likes of Andrew Lloyd Webber, Yanni, Celine Dion, Neil Diamond and Garth Brooks.

For in today's musical climate, whatever you declare to be art must be art, and forget persnickety snobs who think differently. Come to think of it, maybe it is time to trash the concept of the great artist.

PEOPLE

THE CURTAIN has come down early on "The Blue Room." Because of the lingering bronchial infection of its star, Nicole Kidman, one of Broadway's hottest tickets canceled its final eight performances. Kidman said in a statement, "I am truly devastated not to complete the last week of the run and deeply apologize to the people who have planned to attend those performances." The David Hare drama, which opened Dec. 13 and played 82 performances, had been scheduled to end its sold-out run Sunday.

The tables were turned on Jerry Springer when he was reduced to tears during an interview on a BBC talk show. Springer, who is accustomed to seeing his talk-show guests pushed to their emotional limits, dabbed away tears Monday after watching video footage of his boyhood home in London during an interview on "This Morning." "Wow, they've taken great care of it," Springer said after the hosts surprised him with the footage. A video crew visited the

modest flat where Springer lived until age 5, when his family moved to the United States. Springer was in Britain as part of a promotional tour for "The Jerry Springer Show."

□ Elizabeth Taylor's former husband

Larry Fortensky, who was critically injured in a fall at his home in January, has been upgraded from serious to fair condition. Fortensky, 46, remained at Mission Hospital Regional Medical Center in Mission Viejo, California. Taylor met Fortensky, a construction worker, while undergoing treatment for

substance abuse at the Betty Ford Center in California.

After winning 32 Daytime Emmys and a lifetime achievement award, Oprah Winfrey is taking herself out of the running for best talk show host at the ceremony this year. "Last year I was given the lifetime achievement award," she said in an interview Tuesday on "The Roseanne Show." "And after you've achieved it for a lifetime, what else is there?" The Daytime Emmy Awards will be held May 21.

Will Smith is sharing secrets with a special fan about his latest movie. The movie star sent a homemade videotape to Stacey Taylor, a 28-year-old victim of Huntington's disease. On the tape, he talks about his new movie, "Wild, Wild West" with Kevin Kline, to open this spring. Smith sent it after receiving a request from the Dream Foundation in California, a group that grants wishes for people with terminal illnesses.

TRIBUTE — Prince Edward with a statue of Noel Coward at New York's Gershwin Theater, during a ceremony that was the first in a yearlong series marking the 100th anniversary of the playwright's birth.



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